

CA1

Z3

-08D21 v.4

INVESTIGATION

RE

DEPARTMENT OF MARINE AND FISHERIES

BEFORE THE

HON. MR. JUSTICE CASSELS

PART IV



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1909

INVESTIGATION

RE

DEPARTMENT OF MARINE AND FISHERIES

BEFORE THE

HON. MR. JUSTICE CASSELS

PART IV



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1909

INVESTIGATION

RE DEPARTMENT OF MARINE AND FISHERIES

RESUMED BEFORE

THE HON. MR. JUSTICE CASSELS

AT ST. JOHN, NOVEMBER 24, 1908, 10.30 A.M.

DR. CHAS. MORSE, K.C.,
Deputy Registrar, Exchequer Court of Canada,
Secretary.

NELSON R. BUTCHER & Co.,
(Official Reporters).

GEORGE H. WATSON, K.C., and J. L. PERRON, K.C., appear as Counsel assisting in the investigation.

MR. WATSON.—My lord, we find by the record from the department at Ottawa that there are not many officers or officials here in this agency. The list includes Mr. J. F. Harding, who is the chief agent and who was appointed to his present position in March, 1895; he is at a salary at the present time of \$2,000 per annum. We find an assistant, one H. H. Brown, who was appointed to his position in November, 1907, at a salary of \$900 per annum. We find John Kelly, who is light inspector, appointed to his position in March, 1895; and we find Captain G. W. J. Bissett, the captain of the *Lansdowne* was appointed in 1897 at a salary of \$1,500. Of these officers, those who have to do with expenditure, or rather the recommendation of expenditure, are the chief agent, Mr. Harding, Mr. Kelly, the inspector of lights, and Captain Bissett, the captain of the *Lansdowne*.

Then for the purposes of review and so that your lordship will have the general outline and condition of affairs a little more at the start, the records from the department show that in the fiscal year 1904-5 the total expenditure at this agency, that is from this office, was \$275,782. That, my lord, I understand does not include certain expenditure which was made directly by and from the department at Ottawa in this district, but is intended to be limited to moneys and expenditures passing through the hands of the chief agent. The next year, 1905-6 the amount was \$255,590; and the next year 1906-7, the amount was \$222,498.

I desire, my lord, in connection with the matters that have been before your lordship as Commissioner in this investigation, to state what I referred to before your lordship at the last sitting at Quebec city. I stated to your lordship at that time that I understood the Minister of Marine and Fisheries had taken official action in abolishing the patronage list. I merely want now to follow that up and to state that I desire to place before your lordship the official notice and statement that I received from the Deputy Minister, by direction of the Minister, showing that that is the fact and that the patronage list has been permanently and absolutely abolished in this department. I will put that upon the record.

(Official notice marked Exhibit 234.)

And in connection with that and in order to complete the record for present and future purposes I file with the secretary, with your lordship's permission, a copy of the patronage list at the City of St. John, New Brunswick.

(Copy Patronage List marked Exhibit 235.)

I find that that list contains the names of individual traders and firms, corporations, to the number of 140, that is the list which has been in use from 1896 to 1907. Of course, it has been subject to additions, so that as it stood at the end of 1907 it contained the names of 140 merchants and dealers. The list which preceded that in this same district and which was in force at the beginning of 1896 contained the names of 55 merchants and dealers altogether, and I want to put that upon file, if your lordship pleases.

(Marked Exhibit 236.)

Then, my lord, I have an application to make, which is not unusual in court proceedings, I think, and it is by reason of conditions which my learned friend and I have carefully considered; that is, that some of the parties will be good enough to retire just for the present while we are proceeding with one or two preliminary examinations.

Hon. Mr. CASSELS.—What are the names?

Mr. WATSON.—I will give them, my lord. In the first place I wish Mr. McDonald of the Iron Works Company to remain. I would like the representatives of the firms of Messrs. McAvity & Sons, Vroom & Arnold, C. E. Harding & Son, John E. Moore, Macaulay Brothers, Mr. George McAvity, Mr. J. J. Barry, The Allan Grocery Company, Mr. C. S. Harding, D. L. Richards, James Fleming and J. F. Watson & Co., to retire. If those gentlemen would be kind enough to remain in the court room up stairs or just in the immediate neighbourhood so that we may be able to call them it will be convenient. They will not be able to remain in the court room at present. However, in order to facilitate, Messrs. Moore, Vroom & Arnold, and McAvity & Sons will probably be called next and in order, so that I state that for their convenience and that of the others who may be here, if you have telephone communication in your office and will undertake to remain in your office and to respond within a few minutes it will not be necessary for you to remain outside. We will be very glad to meet the convenience of witnesses to the fullest extent possible.

Then, my lord, I call Mr. McDonald.

CHARLES McDONALD, sworn.

By Mr. Watson:

Q. Mr. McDonald, you live here in the city?—A. Yes, sir.

Q. And in what business are you engaged?—A. In the St. John Iron Works.

Q. Is that an incorporated company?—A. Yes, sir.

Q. About how long has that company been in existence?—A. Nine or ten years.

Q. Are you the president of the company?—A. No, sir.

Q. The general manager?—A. Managing director.

Q. The managing director of that company. And how long have you been in that position?—A. Since the incorporation of the company.

Q. For nine or ten years?—A. Yes, sir.

Q. Who are the chief shareholders of that company?—A. Myself or Mr. John E. Moore.

Q. Mr. John E. Moore?—A. Myself, Dr. W. W. Whyte, Mr. Charles Miller, Mr. Harry Miller, Mr. A. B. Barnhill.

Q. And it is a reasonably large company doing a very considerable business, the largest business of the kind in New Brunswick, I believe?—A. We hope so.

Q. And the capital stock, a large stock—just in a general way is all I want to know, half a million?—A. Oh no, we don't have the capital stock so large.

Q. What is the capital stock?—A. \$54,000. Excuse me—yes, I can give you—really I think \$60,000, but \$54,000 is paid in.

Q. Yes, I just wanted to know about how it stood. You have had considerable transactions I understand with the Marine and Fisheries Department?—A. Yes, sir.

Q. During that period, particularly during the last three years?—A. Yes.

Q. And what is it that you have done for the department for the most part, what kind of goods have you sold to them or what have you given to them in the way of business?—A. We have built buoys, we have built boats and repaired their steamers and their boats, provided the iron, steel and brass.

Q. I see. So that you have actually built and sold to them buoys?—A. Yes.

Q. That is gas buoys?—A. No. We have built Trinity buoys, American buoys and can buoys.

Q. Can buoys?—A. They are very small.

Q. And then in addition to that you have done very considerable work in repairing of buoys generally and in the repairing of steamers, the *Lansdowne*, *Curlew*, and what other ships?—A. I don't recollect any other ships.

Q. Much for *La Canadienne*?—A. No, none.

Q. Then in the way of supplies, apart from material from your factory, have you furnished any other kind of supplies?—A. No, I think not.

Q. You have not?—A. No.

Q. What you have furnished, I understand, for the most part issues from your factory?—A. Yes.

Q. That is, of which your company is the manufacturer?—A. Yes.

Q. Then sometimes you have received orders for goods and material which you have bought from others and then sold to the department, is that not right?—A. Yes.

Q. Yes, that is so. Well, now, does that apply to as much as two-thirds of your account; that is, that it consists of supplies that you have bought elsewhere and then delivered to the agent here?—A. Oh, I would think not.

Q. You would say about half?—A. I would not think that.

Q. You would not think that?—A. No.

Q. Perhaps a third, then, or more than a third?—A. That would be nearer, I would fancy.

Q. That is a sort of commission business; I mean to say you get an order from the agent here and you go and get the goods and fill the order as best you can?—A. Oh, no. I thought you meant the material we would buy and manipulate for the job that would be on.

Q. No, I do not mean that. I mean the actual goods and materials supplied?—A. Oh, I don't think we had anything to buy and sell for the department; we were not in that business.

Q. Not in that business?—A.; I have no recollection of anything in that way.

Q. That was a misapprehension?—A. Oh, yes; the manipulation of the goods we buy for the uses they want.

By Hon. Mr. Cassels:

Q. You buy, then, with the view of manufacturing them?—A. Yes.

By Mr. Watson:

Q. Then I see a very considerable portion of your account is for labour?—A. That is it.

Q. Charges for labour?—A. Yes.

Q. That is labour in the factory, is it?—A. No; labour wherever we would have the job.

Q. Then in how many instances during the four years that are past, that is commencing the 1st of January, 1904, in how many instances have there been contracts in writing signed by the minister?—Oh, there would be a number. I cannot recollect how many.

Q. As many as two or three?—A. As many as that.

Q. Fully two or three instances of that kind. Have you got the contracts?—A. I have the contracts.

Q. Just let me see them, please?—A. I haven't them here.

Q. I thought you were to have them here?—A. I can get them.

Q. You think there would be as many as two or three contracts in writing signed by the minister during the last four years; you think that?—A. Time passes quickly. We have lots of them there which seems to be four years ago.

Q. You have no other contracts in writing except those that were signed by the minister?—A. Yes.

Q. Formal contracts?—A. Yes. We would tender for certain jobs, we would write a letter and say we would do a job for so much, but it would not be signed by the minister; we would get a word to go ahead and do it, and that is how we would do it.

Q. Now, what proportion of the work can you say was the result of actual written tenders being asked for? That was only a small portion I am informed during the four years?—A. Possibly it would be. I can't recollect.

Q. Yes. And the balance of it is the result of orders and requests that you have received from the agent here at St. John?—A. Yes.

Q. That is Mr. Harding?—A. Yes.

Q. Mr. Harding, the agent at St. John. How long has he been agent here, do you remember?—A. I don't know—before I was in business.

Q. Before you were in business?—A. Oh, yes, before I was in business.

Q. Before this business commenced?—A. Yes.

Q. And what other officers of the department did you come into business relation or contract with than Mr. Harding, what other officers than Mr. Harding?—A. Mr. Kelly would sometimes come down and give orders.

Q. Mr. who?—A. Mr. Kelly. Small orders. I don't know whether he was acting for the department or not. I don't know much about it.

Q. And Mr. McConkey?—A. No, he would not give orders.

Q. Well, you would see him?—A. Oh, yes, I saw Mr. McConkey.

Q. Would you see Mr. McConkey occasionally?—A. Yes.

Q. And Mr. Schmidt, Captain Schmidt, did you ever see him in connection with business matters?—A. Mr. C. Thomson-Schmidt?

Q. Yes.—A. Oh yes.

Q. What others?—A. I have got Mr. Harding, Mr. Kelly, Captain Schmidt, and who is the other man you mention?—A. Mr. McConkey?

Q. And who else?—A. I don't recollect any others.

Q. Eh?—A. I don't recollect.

Q. You do not recollect any others?—A. No. Oh, the captain of the *Curlew*?

Q. What is his name?—A. A man around there last winter, I forget his name—Captain Robinson, and Captain Pratt prior to him.

Q. And what engineer did you meet, did you come into business relations with more or less the engineers on the ships of the department?—A. The engineers of the ships?

Q. Yes?—A. The engineer of the *Lansdowne* and the engineer of the *Curlew*.

Q. What is his name?—A. Clark.

Q. And what is his assistant's name?—A. There was one man called Lockhart on board there.

Q. Did you meet Mr. Morris of the engineers?—A. Yes, that is the *Curlew's* man.

Q. That is Morris?—A. Yes.

Q. And Captain Millan?—A. I don't know Captain Millan.

Q. You don't know him. And Captain Burns?—A. He is on the *Lansdowne*.

Q. You did not mention him. And Captain Bissett, did you mention him?—I don't know—Bissett, yes.

Q. You know him?—A. Yes.

Q. You did not mention his name?—A. Well, in connection with the business you said.

Q. Yes.—A. The man who would come around in my work—oh yes, certainly, Captain Bissett.

Q. Captain Bissett was there quite often. And Stewart, the second engineer, do you know him?—A. No.

Q. Yes.—A. No, I said.

Q. No, I see. And Mr. Bolton, the second mate on the *Lansdowne*?—A. I don't know him. I might know him, but I do not know him by his name.

Q. Well, you are in the habit of meeting quite a number, Mr. McDonald, off and on in one way and another. Mr. Schmidt was a man you met just occasionally?—A. Just occasionally.

Q. Perhaps half a dozen times altogether?—A. About that, I think.

Q. About half a dozen times altogether during the last four years. I see. So that he was a comparative stranger?—A. Yes.

Q. And what position was he in?—A. He was inspector of government steamers.

Q. And he therefore came around to inspect the *Lansdowne* and the *Curlew*?—A. Yes.

Q. And then when you were making repairs, or after you had completed the repairs, Mr. Schmidt would come around to inspect them?—A. I never knew that.

Q. Well, you knew he was the inspector?—A. I never knew that he inspected the work we did. He recommended the work, I fancy.

Q. He recommended the work in the first place?—A. That is all I knew about him.

Q. So that the order or direction would come to you following a recommendation by him that the work should be done?—A. I fancy so.

Q. Now then, what business transactions or what money transactions did you have with Mr. Schmidt?—A. I lent him some money.

Q. What?—A. I lent him some money.

Q. You loaned him some money?—A. Yes, sir.

Q. Will you let me see your book, please? I would like to see the record of that. I understand you are a very close—I mean to say an accurate, systematic business manager, Mr. McDonald?—A. Yes.

Q. Let me see the entry of this loan transaction in your books, please. You have some correspondence?—A. Yes. (Producing).

Q. Meantime let me see it in the books, please. Then perhaps we will be able to refresh you if we look at the memorandum you have produced. You have just handed me now some papers, telegrams and letters?—A. Yes.

Q. I see the first paper that you hand me is a telegram dated November 12, 1907. Look at it please, Mr. McDonald?—A. Yes.

Q. Directed to the St. John Iron Works, New Brunswick. That is the telegram?—A. Yes.

Q. This telegram reads as follows: 'If possible wire me \$100, Windsor Hotel, Montreal, with you Friday and refund. Very urgent. November 12, 1907.'—A. There you are.

Q. Now, wait, please. How many messages of the same kind had you from him before?—A. None.

Q. That was the first in writing?—A. Yes.

Q. That was the first in writing. And did you respond to it?—A. Yes, sir.

Q. I see. You put up the hundred?—A. Yes.

Q. But I see you took a little time to do it apparently by the date of the letter?—A. As quick as it could flash across the wires.

Q. Was it, indeed?—A. Yes, sir.

Q. There seems to have been a mistake in the date.

Hon. Mr. CASSELS.—The other is an acknowledgement.

Mr. WATSON.—Oh yes, my lord, that is right.

Q. The telegram was the 12th and you telegraphed the money to him?—A. Yes, sir.

Q. Sent it by telegram, wired it, and then on the 21st November you wrote him a letter. (Reads letter.) That was nine days, and you had not heard from him?—A. Yes.

Q. You marked that personal?—A. Personal, yes.

Q. Is that \$100 entered in the books of the company?—A. Yes, sir.
(Telegram and letters marked Exhibit 237.)

Q. It was a company transaction, then?—A. Well, I was—

Q. Is that right?—A. Yes, it was a company transaction.

Q. So it was \$100 advanced by the company, not a personal matter between Mr. Schmidt and Mr. McDonald, but a matter between Mr. Schmidt and your company?

—A. That is how I treat the matter.

Q. In a business way?—A. Yes.

Q. Your company, this Iron Works Company, is in the habit of lending money to borrowers about the city and elsewhere?—A. We did sometimes, well—

Q. So if I went down and wanted to borrow a hundred dollars or so I might get it, I suppose?—A. If I knew you.

Q. Oh, I see. So you are a lending company as well as a manufacturing company?—A. No, we are not.

Q. No?—A. No.

Q. I just wanted to know what are your corporate purposes, manufacturing?—A. Yes.

Q. Not lending?—A. No, sir.

Q. So any lending is not done by Mr. McDonald himself, as manager, but by the company: that is what I understand, that is all a company matter?—A. The company is such a close one that what Mr. McDonald does he puts down, and then if any question is asked he is responsible for it afterwards.

Q. I see. Then what is the entry you have hyere in what book?—A. In our cash book.

Q. On page 288 of the cash book of November, 1907. Where is the entry?—A. Cheque, \$100.55 cents.

Q. You do not put the name, why did you not enter the name of Mr. C. Thomson-Schmidt in the ordinary business way? I see every other line a name on it?—A. No.

Q. Let us see. We do not want to mention the names in public, but it is in the ordinary business course. There is a name there on every line down to that line, and the last one is Mr. Wilson, the next one is the Bank of Nova Scotia, New Brunswick?—A. Yes, right through.

Q. Then the Marine and Fisheries?—A. No; there (indicating.)

Q. Well, the fact is Mr. Schmidt's name was not put down?—A. No.

Q. And whose writing is that, that \$100.55?—A. That is the—

Q. The bookkeeper's?—A. Yes.

Q. Did you tell her it was for a loan?—A. Yes. I was away at the time at my house 14 miles up, and they telephoned the message to me and I said, "Send that."

Q. You said to the office to send that?—A. Yes.

Q. Why did not the book-keeper enter the name of C. Thomson-Schmidt?—A. She just holds the cheque for \$100 in the cash until he would come along and return it.

Q. Yes. Where is the cash record showing that holding?—A. There would be no cash record of that.

Q. What other record did you have of this \$100 in the books?—A. We would not have any other record. Why should we?

Q. What other books have you got?—this is a cash register?—A. Yes.

Q. What other books?—A. There are the ledgers.

(Cash register marked Exhibit 238.)

Q. Let us see your journal. You will have the first entry in that, I assume?—A. No, we would not.

Q. Let me see it, please. Now, look at this date, November 12th. What kind of entries are made in the journal usually?—A. Sales.

Q. Only sales?—A. Only sales.

Q. Do the cash transactions appear at all in the journal?—A. Oh no.

Q. Eh?—A. No.

Q. They do not appear?—A. No.

Q. Where have you got that date?—A. This is November 12th.

Q. Where is it, Tuesday, November 12th. You have other journals than this, this is just the labor and material journal, let us see some other journal than this?—A. We have no other journal.

Q. No other journal than this?—A. No.

Q. This is the number of the orders?—A. Yes.

Q. This book just contains the orders with numbers attached to them, that is all apparently, and from whom they come, that is right, is it not? Well, I should have thought you would have put down this order, this was a nice order?—A. This was not an order.

Q. Oh, I see, that was not an order. It was good material anyway?—A. I beg your pardon.

Q. Good material?—A. Not so good.

Q. Not so good. You don't think much of that now, I suppose. Apparently that is the system, just the order and the number of the order. Now, I want to see some other book which precedes, contains the entry before it gets into the ledger. This cash ledger. You do not make the first entry in that book in the ordinary way of company bookkeeping. Where is the first entry?

By Hon. Mr. Cassels:

Q. Why is that put in as a receipt?—A. It is put in under the heading of 'cash receipts.'—A. We received the money from the bank.

By Mr. Watson:

Q. Oh, that is what you mean. You are ahead \$100.—A. No, sir.

By Hon. Mr. Cassels:

Q. Where is the payment of it?—A. Payment in the cash.

Q. You have got in your ledger under cash receipts, 'received from the bank, \$100.55.' Very well, that is done by telegram apparently to credit Montreal?—A. Yes.

By Mr. Watson:

Q. Now, where is the payment, where is in your book the entry of the payment? Let us see the cheque you gave to the bank. You gave a cheque to the bank in order to get the money?—A. Yes.

Q. Let us see that, please.

By Hon. Mr. Cassels:

Q. There must be a corresponding entry of the payment, there ought to be?—A. We treat it as that much cash on hand until the man comes along and pays it.

Q. You wired the man in Montreal?—A. You are in Montreal—excuse me, sir.

Q. That is all right.—A. And you know me, and you want \$100. You wire McDonald, 'Will you wire me \$100 and I will return it to you Friday.' I wire you \$100 and you get it out of the bank there. The cashier here then pays that \$100 out and she holds the slips for \$100 until you come along and pay it, she treats it as cash on hand. Your telegram represents \$100 in her cash account until you come along and refund it. If you don't come along and refund it we have got to dispose of it some way.

Q. You do not keep any track of the disbursements?—A. No. That was a very unusual circumstance.

Q. Perhaps it was. I would have thought as a matter of book-keeping when you drew \$100 from the bank to lend to anyone you would have entered that to somebody and you would have another entry of \$100 when refunded?—A. No. Here is a case where he would come along and pay.

Q. But where is the entry when paid off?—A. I beg your pardon?

Q. I mean when paid back?—A. It has never been paid back.

By Mr. Watson:

Q. Never been paid back, I see. Now, I want the cheque you gave to the bank for that sum?—A. November, 1907.

Q. This is November 12th, 1907. Pay to what?—A. Tel. transfer to F. Schmidt, Montreal, \$100.55.

Q. That was a cheque given to the bank?—A. Yes.

(Cheque marked Exhibit 239).

Q. The telegram says, 'And refund, very urgent.' You never got it back, you say. Then the next document you produce here is another telegram to you of November 29th, 1907, to St. John Iron Works, 'Just returned, received letter, wired you thanks from Montreal.' What does that mean, wired you thanks?—A. Wired me thanks for my money.

Q. I thought you expected the money?—A. I did.

Q. You did not get the money. Then I suppose you wrote him pretty savagely?—A. There is what I wrote him. (Producing).

Q. Let us see the letter-book?—A. That is our letter-book.

Q. The letter-book?—A. There is our letter-book.

Q. Where is it?—A. That is the way we make our letters.

Q. Let me see your system of copies of letters?—A. I will try and find that.

Q. Do you copy the letters?—A. Yes.

Q. Have you got a letter-book?—A. No. You mean a press copy?

Q. Yes.—A. No. We duplicate the letters, put a carbon sheet between and manifold.

Q. Have you anyone from your office?—A. Yes.

Q. Have you got your duplicate sheets for 1907 here?—A. Yes.

Q. All of them?—A. No, I have not.

Q. I want them, if you please?—A. That is quite a job to bring up.

Q. I suppose three or four books?—A. I suppose we can bring those books up.

Q. Let me have them before we finish.

By Hon. Mr. Cassels:

Q. Do you file them according to different matters or just the year; how do you keep the records?—A. We keep them in the different months.

Q. So they are all there in sequence without being distributed?—A. Yes.

By Mr. Watson:

Q. Then did you ever give him any more money?—A. I lent him \$50.

Q. Another \$50 after this?—A. No, prior to that.

Q. I thought this was the first?—A. I did not say so.

Q. I think you did not. You gave him \$50 before this time? What year was that, the same year?—A. No, that was—

Q. Just a little before?—A. Just a little before, yes, a few weeks.

Q. A few weeks before?—A. Yes.

Q. I see; you gave him \$50. Did you hand it to him in the office in your works here?—A. No, he was going away and said he was short of money.

Q. Where was he, here in St. John?—A. Yes.

Q. And met you on business at your office?—I don't know whether business that time or not. He frequently came there when he had not business.

Q. And this time he came in and asked you for \$50?—A. I don't recollect whether he came in or whether I saw him somewhere, but he got the \$50 he asked me to lend him.

Q. Where did you see him, at his hotel?—A. I think when he was buying his ticket, going away.

Q. Where was it, at the hotel?—A. No.

Q. Whereabouts?—A. At the ticket office.

Q. It would be, but do you recollect as a fact where it was?—A. No.

Q. I suppose that being so you cannot recollect what it was he said?—A. No.

Q. You cannot recollect what he said and cannot recollect what you said. That would be right?—A. Yes.

Q. That is a sort of blank transaction, but you are out the \$50; that is right, is it? You are out \$50 and he is in \$50?—A. At the present time.

Q. At that time and at the present time too. That was how long, a few weeks or few months before this urgent telegram for \$100?—A. That I think is about—well, I cannot say; about a month, I guess.

By Hon. Mr. Cassels:

Q. Where is the entry?—A. I gave that out of my pocket.

Q. You made no entry of that?—A. No.

By Mr. Watson:

Q. Where did you charge that up?—A. I just kept that to be returned.

Q. \$50?—A. Yes.

Q. But that was the company's money, too?—A. No—I don't know whether it was or not.

Q. Well, I guess it would not be necessary for anybody else to tell Mr. McDonald whether it was his own money or not.

By Hon. Mr. Cassels:

Q. One was a company disbursement and the other a personal gift; that is the difference?—A. No.

By Mr. Watson:

Q. The other was company money, too, was it not?—A. I would not say.

Q. Eh?—A. I don't recollect.

Q. Well, of course you can easily find out; you can look at the books and find out, cannot you? You are not throwing away \$50 off and on down there at your works, I understand?—A. If you lend a man \$50 you don't throw it away.

Q. Let me see where the \$50 is entered?—A. I don't know where it is entered.

Q. Does your book-keeper know?—A. I don't think so.

Q. Do you know whether there is any entry at all about it?—A. There is no entry about that.

Q. No entry about the \$50?—A. No.

Q. That has never been recorded. Then the company is out that much apparently. You said you did not know whether that was the company's money or not. Is that right?—A. I do not understand.

Q. These are quite recent transactions. Of course, I do not know how extensively you are occupied from day to day, but I should think transactions of this kind during the last year would be reasonably fresh in your mind.

By Hon. Mr. Cassels:

Q. Have you got a balance sheet, Mr. McDonald?—A. A balance sheet.

Q. When do you balance your books?—A. The 31st January each year.

Q. Have you got your balance sheet to the 31st January?—A. I haven't it here.

Q. Can you produce it?—A. Yes.

Q. Let us see whether those entries are in it?

By Mr. Watson:

Q. You just said that was not entered up in the books at all?—A. I don't know—perhaps it is. I cannot tell without I look it up and see.

Q. But who would know if you did not?—A. I don't suppose there would be anybody.

Q. Well, whose duty is it to know what becomes of the company's money and what record is made of it?—A. It is mine.

Q. And do you say now then that you do not know what record has been made of that \$50? Please find it, find it in the cash register. You say it is a month before that time?—A. I don't think it is there.

Q. Have you hunted for it?—A. No.

Q. Then hunt for it.—A. I don't know where to hunt for it.

Q. If you do not think it is there you must have in your mind something pretty distinct about it, you must know pretty well if you do not think it is there where it is.

Q. Let us get on. Do yourself full justice, Mr. McDonald.—A. (Witness looks through book).

Q. Do you find it there?—A. I have not come across it yet. The reason I say I do not know is I fancy lending to a party like that I might just have charged it to the general expense of the company?—A. Yes.

Q. Oh, I see, that is the company's general expense account?—A. Possibly.

Q. You think you probably would have charged it up to the company's general expense account?—A. At the time.

Q. Let me see where it is charged up to the company's general expense account?—A. It would take a good deal of time.

Q. We will have to spend the time.

By Hon. Mr. Cassels:

Q. Is that a general purpose account?—A. Yes.

Mr. WATSON.—You are not particular about the name, I suppose, general expense or general purpose.

Hon. Mr. CASSELS.—I would like to see how it appears in the balance sheet.

By Mr. Watson:

Q. And is the \$100 in that general expense account, too, Mr. McDonald?—A. I think it is. Now, you see, that is misleading. I will get clear of it in that way and still keep the memorandum outside of it.

Q. This is the general expense account for December, 1907?—A. Yes.

Q. Let us see that item. At the top of the page you have got there for December \$2,068.70. These are just incidentals, I suppose?—A. Yes.

Q. A kind of incidental account made up of the same class of entry?—A. Oh no. That is all the expense of running our office, salaries and—

Q. Oh, that is part of the running expenses of the business?—A. Of the department.

Q. Then the two items go into the running expenses that way?—A. If they don't come back.

Q. Meantime they go into the running expenses?—A. To get clear of them.

Q. That is a good way of wiping them off?—A. Yes.

Q. But sometimes they are called running expenses?—A. Yes. They are gone for the time being, that is all.

Q. I do not suppose you have ever heard of this coming back?—A. He gave me a note for it.

Q. When?—A. Some short time ago.

Q. This week?—A. No.

Q. Last week?—A. No; a week before that.

Q. Oh, I see. Did you get a letter?—A. His letter and the note.

Q. Let us see the letter and the note?—A. I haven't got them here.

Q. Oh, Mr. McDonald.—A. I can produce it.

Q. Why did you separate the correspondence? You bring this and do not bring the letter with the promissory note, why not?—A. Well, I will have to send down.

Q. That looks unusual does it not?—A. Well, I had it here last night for you.

Q. But this morning. Well you have someone telephone to the office? I want that here while you are on your feet.—A. Yes.

Q. What did he say in the letter?—A. I cannot recollect.

Q. Oh, just a few days ago?—A. But I get a hundred letters every day.

Q. Did you read it?—A. Yes.

Q. About what was the substance of it?—A. The substance was he had been having a hard time in Quebec and was enclosing his note for \$150.

Q. A hard time in Quebec?—A. A hot time, under hot fire in Quebec. You can see the letter.

Q. I see. He had been under hot fire in Quebec, and he enclosed what?—A. His note for \$150.

By Hon. Mr. Cassels:

Q. Just to avoid hot fire here?—A. It looked like it.

By Mr. Watson:

Q. That was just in order to cover up the transaction?—A. I don't know. You can read his letter, it is there, you can hear about it.

Q. I am talking about this letter.—A. Why do you ask me, I don't know.

Q. I want to know what was on the face of it. Was there anything else on the face of it?—A. On the face of what?

Q. On the face of that letter?—A. No, no.

Q. Was it stated in the letter that the note was sent so that you might be able to make a statement in evidence that the money had been borrowed and that it had been returned, was that stated in the letter?—A. No.

Q. Something to that effect?—A. That there would be nothing between us.

Q. That there would be nothing between you, is that it?—A. Yes. That is why I did not bring it.

Q. So there would be nothing between us?—A. Yes.

Q. Well, of course I want that letter and the note. Have you discounted the note?—A. Oh no.

Q. Have you sent for the letter?—A. Excuse me, I will telephone.

Q. Have you your bank book?—A. No, the cheque books are there.

Q. I want them and the cheque books, all of them. Then you got that telegram of November 27th. I dare say, Mr. McDonald, that you desire we should read the letter before we get through? I am going to read the letter. The letter is dated December 31st and addressed to, "Dear Mr. McDonald." (Reads letter part of Exhibit 237 down to "refunded within the month.") Will you read the rest of it out aloud?—A. (Witness reads remainder of letter.)

Q. That was the \$100?—A. Yes.

Q. You have seen him perhaps half a dozen times altogether in your life?—A. Yes.

Q. So he was a comparative stranger to you, you said?—A. Yes.

Q. Is that the way you do in the ordinary course, give to comparative strangers the company's money?—A. No.

Q. That is not, I see. So that was different from the ordinary course. Then how much more did you give him?—A. Nothing at all.

Q. Do you mean to say if he had applied after that for another \$100 you would not have given it to him?—A. No.

Q. Why not?—A. Because everybody has a limit to his credit.

Q. His limit was \$150?—A. \$150

Q. When did you fix the limit?—A. When I did not get my—

Q. At the beginning of the year?—A. Exactly; when I saw that aid not come back.

Q. I see. You did not fix any limit at \$50?—A. No. I thought I would have to put up the \$100 to get the \$50 back from him.

Q. I see, you thought you would have to put up the \$100 to get the \$50 back.

Q. Then have you got a record of the limits to each of the officials?—A. No records, no.

Q. That is not in writing, I see. Then the fact is as you say that Mr. Schmidt never applied to you for any more money?—A. I have never seen him since.

Q. You have never seen him since. Well, he is a good writer, you say, didn't he write you any more?—A. No, nothing more.

Q. But that is about a year ago?—A. About a year ago.

Q. Do you mean to say that during that year you did not ask him for the money?—A. He called two or three times when I was away.

Q. I thought you had not seen him since?—A. When I was away. You seem to think I have been——

Q. Not been away?—A. Yes.

Q. That is my misunderstanding?—A. Your misunderstanding.

Q. I suppose as general manager you would be here most of the time. You say occasionally he called at the office, a couple of times?—A. So I was informed on my return.

Q. But you did not see him?—A. I did not see him.

Q. Did you ever write him for money?—A. No.

Q. That was a year ago?—A. Yes. He had called in and I thought possibly he had come in to arrange it.

Q. He had called?—A. He had called in, and I had not seen him.

Q. But I see you were still getting business along all the time after that, after that you were still getting business from the department?—A. I didn't know he had anything to do with that.

Q. Of course not, but you were still getting orders?—A. Oh yes.

Q. So that the business continued, and some of this business after that time was upon his recommendation, was it not?—A. I have no knowledge of that.

Q. Well, you said to me a little while ago that he recommended expenditure upon the ships, did you not?—A. That was what I understood.

Q. Yes, that was so throughout the whole period up until the present time, until he was dismissed he was continuously or off and on making recommendations as to the expenditure, of which you would get the benefit in your work and labour and contract, that is right, is it not? Don't you follow?—A. I follow.

Q. You follow I see. Then why the silence, do you assent?—A. I don't know. I have been thinking the thing over. I have been thinking the thing over to see whether that was the case or not. I don't know. I am only assuming these things.

Q. You are assuming?—A. I had heard by the way he was inspector and would come down and recommend.

By Hon. Mr. Cassels:

Q. When you gave him that money you believed he had the power to recommend work which went to your shops, is not that so?—A. Well, yes I did.

Q. Then why not let us have the whole truth.

By Mr. Watson:

Q. Of course, you would not have given this money to a comparative stranger but for that circumstance that you knew he had power to recommend?—A. Yes I would have.

Q. To a comparative stranger?—A. Knowing the kind of a man he was.

Q. You said you only met him half a dozen times?—A. I know, but you might get acquainted with a man in half a dozen times and think he was all right.

Q. All right for what?—A. \$150.

Q. For an advance of the company's money of which you are the general manager?—A. Yes.

Q. I see, that would be an ordinary business transaction?—A. No.

Q. A proper business transaction?—A. It is not a business transaction at all.

Q. And it has nothing to do with the getting of orders from the department or recommendations as to work?—A. I might have had that in mind.

Q. That is what I was asking for?—A. Why didn't you put it out straight?

Q. You may have that in mind?—A. Keep friends with these men.

Q. Of course, you wanted to keep in touch and in favour, that is right?—A. Right.

Q. And that accounts for the \$150?

Hon. Mr. CASSELS.—That is the whole story about it.

Mr. WATSON.—Of course.

Q. Then what about Mr. McConkey, did he get any?—A. No.

Q. What?—A. No, absolutely, positively, no.

Q. Thank you, that is quite delightful, your answer. How do you know?—A. I know what I did.

Q. Is there anyone else in the company that pays out the company's money in a similar way?—A. What do you mean, similar way?

Q. In the same way that Mr. Schmidt got this money?—A. No, I don't think so.

Q. What is that?—A. No.

Q. Who else takes part in the company's moneys in these transactions?—A. Nobody, without I am away from home.

Q. I see. Then will you let me ask you, did you report this transaction of \$150 to your Board?—A. Yes.

Q. Reported it to the Board?—A. Well, to the—yes.

Q. Yes, that is to the Board, that is to Mr. Moore and the other gentlemen you have named?—A. Yes.

Q. So that everyone was aware of the character of the transaction?—A. I don't think so, I don't think they were aware.

Q. Did you hide it?—A. I beg your pardon.

Q. Did you hide it?—A. No sir, I did not hide it up.

Q. Did you make a full breast of it?—A. Did I make a full breast of it?

Q. Yes.—A. There was nothing to make a full breast of.

Q. There was not. Just as you stated a little while ago in answer to a question from his lordship, this had to do with orders and to keep in favour with the officials. Did you open up to the Board that that was the reason for it? Will you answer?—A. Oh yes.

Q. You opened it up, that was the reason for it, so that the Board knew that this kind of transaction was going on with this official of the Department of Marine and Fisheries, I see. Well, having opened the door, of course it is pretty hard to close it, is it not? Then what about Mr. McConkey again, will you try and refresh your recollection if you can, or do you still remain quite emphatic about Mr. McConkey?—A. Quite emphatic.

Q. Eh?—A. Quite emphatic.

Q. Quite emphatic, I see. And what about Mr. Morris?—A. Mr. Morris?

Q. Yes, engineer?—A. I have given him a little present sometimes.

Q. I see. Then let us have the first one, please?—A. I do not remember.

Q. How many years ago?—A. I don't remember.

Q. You don't remember how recently?—A. No.

Q. Last week?—A. No.

Q. Last month?—A. No.

Q. Well, when?—A. I don't know, I am sure when I had anything to do with him. Oh, let me see—

Q. I thought you had a good memory, Mr. McDonald. You are a good Scotchman are you not?—A. Yes. I was away though one winter.

Q. And did you leave your memory behind you while you were away? How much did you give him?—A. I couldn't say now.

Q. \$1,000?—A. No.

Q. Not as much as that. You cannot fix the amount at all?—A. No.

Q. Cannot fix the amount at all.

By Hon. Mr. Cassels:

Q. Were they frequent payments, Mr. McDonald or just all in one?—A. Two or three times, I think two—well, I don't know whether I could explain or not how I come to give him anything.

By Mr. Watson:

Q. Why do you not know whether you can explain?—A. Because you don't seem to —

Q. I want every explanation?—A. Well, Mr. Morris was engineer of the *Curlew*. and he was stationed frequently at East Port on the American border, where there are quite a number of steamers that get repaired. There are no machine shops there and they would frequently go to Portland, Maine, or some of those other places and he would tell them what a good concern we were to repair steamers and on two or three occasions they would send steamers here, we would repair them, we would get the job, and I would give him——

Q. A commission on the job?—A. A commission on the job, but it had nothing to do with his own, he being a government engineer.

Q. What was the percentage, 10 per cent?—A. Oh, no, I would not think. Probably 5 per cent or something like that, \$20.

Q. 5 per cent?—A. We never made up the commission, just what it would be at the time.

Q. Let us see the entries of that in books?—A. We don't have those entries in the books.

Q. Does his name appear in the books?—A. Certainly not.

Q. Not at all?—A. No.

Q. Under what head would that item appear?—A. It would appear as an expense item?

Q. That goes in the expense account?—A. Yes.

Q. Would that be paid by cheque?—A. No, it would be paid by money out of cash.

Q. Here in the office?—A. In the office.

Q. Yes?—A. Yes.

Q. In your office?—A. Yes.

Q. Paid just by cash by you personally?—A. Sometimes.

Q. Sometimes by you personally?—A. Yes.

Q. And at other times by whom?—A. Whoever would be there.

Q. Tell me the name of one?—A. Mr. Irvine, our late accountant.

Q. Why do you say late accountant?—A. He is now in Montreal. Mr. Arthur N. Irvine.

Q. And who else?—A. That is all, I think.

Q. By you or Mr. Irvine?—A. I think that is all, because there were not many transactions.

Q. How many times did you pay him; a dozen times?—A. No, I don't think so.

Q. You don't think as much as a dozen?—A. I know not as much as a dozen. Probably four or five.

Q. What is Mr. Morris' first name?—A. Malcolm.

Q. And he was engineer on the——A. *Curlew*?

A. Yes. And you cannot give any idea, you said before, about how much in all you gave him?—A. No.

Q. I see. You think, I understand you to say, that it is not as much as a thousand dollars?—A. Nothing near.

Q. Eh?—A. No. Somewhere in the vicinity; it might have reached \$100.

Q. Eh?—A. It might have reached \$100, possibly less.

Q. This was charged up to the company in the usual way?—A. Of course it was.

Q. Was this disclosed to the board?—A. Everything was there to the board, the books were open.

Q. And you have no records of any such items in any book of the company?—A. No.

Q. No memoranda or anything of that kind?—A. I don't think so.

Q. You don't think so?—A. I don't know of any memoranda.

Q. You don't know of any memoranda?—A. I might—no, I don't know of any.

Q. You are quite sure about that, that is manifest from your manner?—A. Well, you can often hunt things out that you do not seem to think you can hunt out.

Q. And did you get a note from him to cover it?—A. No, absolutely no. He did not borrow the money; I gave him the money.

Q. I see?—A. It was quite unexpected on his part.

Q. And you gave him that during the last four years off and on?—A. Oh, I think it was perhaps earlier than that.

Q. Earlier than that?—A. I can tell by the time when we did some jobs on the steamers.

Q. I see, it was generally about the time the jobs were done on the steamers?—A. On the other steamers.

Q. And these steamers?—A. No, other steamers.

Q. Well, at the time when the jobs were done on these steamers, then how much of it was paid, can you tell, can you distinguish, can you say how much was paid in February, 1905, Mr. McDonald, can you?—A. No, I cannot.

Q. You cannot say how much. I see there was an item of account for repairs on the 10th of February, 1905. You cannot tell how much was paid then. September 8th, 1904, repairs to *Curlew*, \$752.39. Can you say how much was paid to him at that time?—A. I cannot say.

Q. Then again, July 18th, 1905, repairs to *Curlew*, \$1,251. How much was paid to him out of that, can you say?—A. I can't say.

Q. Then again on the 21st August, 1905. Supplies to *Curlew*, \$212. What is meant by supplies, that is the item?—A. Are you asking me that?

Q. Yes.—A. I don't know.

Q. Under the head of supplies?—A. I don't know anything about supplies.

Q. You cannot recollect what that was?—A. No.

Q. What would be covered by the expression 'supplies'?—A. I don't know, we didn't use it.

Q. You did not use it?—A. No.

Q. I find this is in the record from the department at Ottawa, the word supplies. Do you furnish provisions sometimes?—A. Never.

Q. Eh?—A. Never.

Q. Anything of the kind?—A. No.

Q. Not at all?—A. No.

Q. Then you are not able to tell me how much was paid to him on the occasion of the work on the *Curlew*, that is what you say?—A. (Witness nods).

Q. You nod. That is what you say?—A. Yes.

Q. And no record of it. When did he last ask you for money?—A. He never asked me for money in his life.

Q. It was volunteered by you, eh?—A. Yes.

Q. Volunteered by you, I see. It was your own idea, personally, Mr. McDonald?—A. I think it was.

Q. Yes, your own idea personally to give to this official of the department the sums of money from time to time as you have said. And Mr. Morris was from time to time recommending expenditure as an engineer upon that ship the *Curlew*, you knew that?—A. Yes.

Q. Yes, you knew that. And in the same way it was Mr. Morris' duty to supervise the amount of material and labour and so on put in and done upon the ship. I suppose he would be about during the time repairs were made?—A. He would be about.

Q. While the repairs were going on at your factory he would be around, I see. Then it was that circumstance of being around, of course, that put it into your mind the giving him an occasional sum, that was it, was it not?—A. No, it was not.

Q. Well, you say he never asked for it. Now then, did you ever report that to Mr. Harding?—A. No.

Q. You knew he was under Mr. Harding?—A. I didn't know that.

Q. Eh?—A. I didn't know that.

Q. You knew Mr. Harding was the agent here?—A. I didn't know what their prerogatives were.

Q. But did you report that to any other official at all, to the deputy minister or minister or anyone else?—A. No.

Q. You just kept that to yourself and to your board?—A. Yes.

Q. That is the condition, I see. Then Mr. McConkey?—A. Mr. McConkey?

Q. Yes; how much to Mr. McConkey?—A. Absolutely nothing.

Q. Thank you. Then Mr. Clark?—A. Chief engineer?

Q. Yes. Come along.—A. Absolutely nothing.

Q. How is that?—A. He did not recommend anybody to come to my shop and get repairs.

Q. But he was there superintending?—A. Yes.

Q. Why did you not treat him the same as Mr. Morris?—A. I treated him exactly the same as Mr. Morris under the same conditions.

Q. But did you ever offer Mr. Clark anything?—A. Never.

Q. Did he ever ask for anything?—A. Never.

Q. Eh?—A. Never, never, never.

Q. Do you have any favourites?—A. No favourites.

Q. I see. That is not the principle upon which you go. It is always a matter of business with you?—A. A matter of business, exactly.

Q. That is right. And who is the next under Mr. Morris?—A. I don't know.

Q. And on his ship?—A. Oh, I don't know.

Q. Don't you know?—A. No.

Q. What about his mate and those with him there, you knew the captain of the *Curlew*, Mr. Morris was the engineer?—A. Yes.

Q. You know the captain of that ship, that is, Captain Millan?—A. Oh, no, I didn't know Captain Millan.

Q. I thought you said you knew him?—A. Captain Robinson.

Q. That is of what ship?—A. The *Curlew*.

Q. I have got the wrong name.—A. Captain Millan is the captain now. I have seen Captain Robinson.

Q. Oh, Captain Robinson?—A. Yes.

Q. What about Captain Robinson, did he ask for it, or was that your suggestion?—A. Neither.

Q. Eh?—A. Neither.

Q. How did it come about then?—A. How what?

Q. He was captain and the other engineer?—A. Yes.

Q. You do not go by the captain for the engineer, do you? It arose out of your own suggestion, you say, with the engineer. Then did not the same idea occur to you with regard to the captain, business you know?—A. No, it did not, I did not say anything of the kind.

Q. You said this was all a business transaction, no matter of favour?—A. Yes.

Q. Well then, what about Captain Robinson?—A. Captain Robinson did not send me any steamers to be repaired.

Q. But was he not there during the time repairs were being made?—A. Yes.

Q. Well, just the same as Mr. Morris was there?—A. Yes.

Q. And did he ask you for anything?—A. No.

Q. Eh?—A. No.

Q. What presents did you give to him ?—A. Nothing.

Q. Not at all ?—A. No, absolutely nothing.

Q. Absolutely nothing, I see. Now did you discriminate in your reports to the Board, did you make written reports to the Board about these matters ?—A. Our Board ?

Q. That makes you smile, eh ?—A. Yes.

Q. Did you make written reports to the Board about these items of expenditure ?—A. No written report.

Q. I see, verbal. Well, you say then you did not give Captain Robinson any presents ?—A. No presents.

Q. No presents ?—A. No.

By Hon. Mr. Cassels :

Q Did you lend him any money ?—A. No, sir, absolutely nothing.

By Mr. Watson :

Q. Eh ?—A. No, absolutely nothing. The other man would bring these other engineers of the other steamers and send us business.

Q. I know. Captain Burns, who is he ?—A. He was an occasional captain, he is captain of the *Lansdowne* now.

Q. How much of him ?—A. Absolutely nothing.

Q. To Captain Burns ?—A. Absolutely nothing.

Q. Did you ever ask for it ?—A. No.

Q. What ?—A. Never.

Q. He never asked for it. I thought you were going to say something ?—A. I was not. Oh no, never in the wide world.

Q. Your heart did not open out to him ?—A. I had nothing to do with Captain Burns.

Q. I mean your purse ?—A. I had nothing to do with him.

Q. You had no business dealings with him ?—A. He was around there more than any of them.

Q. Captain Burns ?—A. Yes; he brought business.

Q. Why did you discriminate then ?—A. He did not send me steamers to be repaired.

Q. But you said before, you recollect that, when this work was being done upon the *Curlew* and when these items of expenditure were being incurred you could not tell how much was paid to Mr. Morris at those particular times. Now, then Captain Bissett ?—A. Captain Bissett ?

Q. What transactions did you have with him ?—A. What nature ?

Q. Any nature ?—A. He brought me his orders along with the others.

Q. You lent him money ?—A. Never.

Q. Eh ?—A. Never.

Q. What form did it take in the matter of compensation to him ?—A. No compensation to him.

Q. No compensation to him ?—A. No compensation.

Q. No compensation to him ?—A. No compensation.

Q. Did you make any gifts to him, any presents ?—A. No presents.

Q. No presents ?—A. Well, what slight gifts I should tell you about. Captain Bissett did take ill and I sent him some wine as a stimulant, not wine but whiskey. It does not sound nice, but if you want to know absolutely, that is all.

Q. You say that is when he was ill ?—A. When he was ill. I would do the same for you if you were ill.

Q. Would you ? That is very kind of you, I will remember that.

Hon. Mr. CASSELS.—You will make Mr. Watson ill.

Mr. WATSON.—I don't feel very well just now.

Q. Well then, Captain Bissett, I just want to clear up in regard to him, if you please?—A. Yes sir.

Q. Have you got his name there in the cheque book?—A. No sir.

Q. Eh?—A. No, sir.

Q. Not in the cheques?—A. No, sir.

Q. These cheques here, do you recollect, is your memory sufficient now to enable you to state whether his name appears on these cheques?—A. For my part—

Q. You do not think so?—A. I know—what are you asking me?

Q. Will you undertake to say that his name does not appear upon some of these cheques?—A. I could not undertake that.

Q. Or that his name does not appear as endorsed upon cheques given to cash?—A. Not on my account.

Q. You are speaking of your individual account?—A. No; I am speaking for everybody. Supposing by any means some man had a cheque of mine. This is straight. I have nothing to cover.

Q. This is straight, you say?—A. Supposing somebody had a cheque of mine and Captain Bissett got it, how do I know his name would not be there? But if you ask me whether in any way I can positively say his name appears there to my knowledge, I can tell you absolutely not.

Q. I see. Then who else is there—we may as well come to it in that way—apart from Mr. Schmidt and these officials, that is the captains and engineers and that class, apart from Mr. Schmidt and Mr. Morris, just give it to me, as you were saying a little while ago, straight?—A. None.

Q. None but these two?—A. None but what we find.

Q. Tell me again.—A. We have heard from Mr. Schmidt and we have heard from Mr. Morris.

Q. Yes. And—A. Nobody else.

Q. Nobody else. All waved off?—A. What do you mean?

Q. You waved them off, there is nobody else?—A. I had no transactions with anybody else from my end.

Q. From your end?—A. Well, no transactions that would be on the books, we had absolutely nothing to do with them.

Q. Then had you a donation column in addition to the general expense column?—A. No.

Q. Anything else corresponding to that?—A. No, sir.

Q. Nothing else; all pure business under the head of general expenses?—A. Yes.

Q. I see. What about Mr. Dacey?—A. I don't know Mr. Dacey.

Q. Do you know Mr. Galligher?—A. Yes.

Q. Do you say anything about him?—A. I have nothing to say about him at all.

Q. Nothing to say about Mr. Galligher. Have you at the present time any paper of Mr. Harding's?—A. Yes.

Q. Let me see it, please. You know Mr. Harding in a business way?—A. Yes.

Q. Your relations with him have been very frequently in connection with Departmental matters, all these orders come through him?—A. Yes.

Q. That is to the full extent of your business it comes through Mr. Harding, and you have known him in that business way?—A. Yes.

Q. Not otherwise?—A. Personally?

Q. Yes.—A. Oh yes.

Q. Oh yes, you have known him in that way, but your transactions have been business transactions with him. You produced this paper May 19, 1908, pay to cash or bearer \$375. That is a cheque?—A. That is a cheque.

(Marked Exhibit 240.)

Q. Have you held that?—A. Since May 19th.

Q. That is six months, is it not?—A. Yes.

Q. Did you ever present it?—A. No.

Q. Quite sure about that \$375?—A. Did you give him the money for this cheque?—A. Yes.

Q. The company's money?—A. Yes.

Q. I see. Let me see the entry in the books of the company, the money for that cheque?—A. What date?

Q. November 19th, 1908.—A. (Witness refers to book.) There you are (indicating).

Q. Let me see, please, where is it?—A. There. (indicating.)

Q. Cheque, \$375. His name does not appear there?—A. No.

Q. May 19th, 1908. Why did you not put his name there?—A. We don't have to in a case of that kind, we don't have to.

Q. You don't have to. Of course you practically do just as you please?

By Hon. Mr. Cassels:

Q. You charge it up to the expense account?—A. No; hold it in cash as cash on hand.

Q. You charge it up to the expense account?—A. No, sir.

By Mr. Watson:

Q. That is marked as a receipt there?—A. That is what we paid him, \$375.

Q. That is where you paid \$375. That is an entry of the receipt of the cheque?—A. Yes.

Q. Where is the entry of the payment?—A. You had it.

Q. Where have I got it?—A. I showed you. You have lost it, have you?

Q. No, I beg your pardon. The cheque is to you, but where is the payment by you to the company?—A. We don't—

Q. You said the company gave him the money.

By Hon. Mr. Cassels:

Q. You must have a cross entry if you want your books to balance from year to year?—A. We substitute our cheques for his cheque.

Q. But you must have a cross entry, otherwise the books won't balance?—A. It does not balance. That is held in the cash practically as \$375.

Q. But you have to have an entry of the payment of the \$375 to offset it if the books are properly kept?—A. The bank account declines \$375.

Q. There must be a cross entry in your book for it to properly appear.

By Mr. Watson:

Q. Where is the entry in the book showing the payment, the disbursement of \$375?—A. There is the entry. Can I see the cheque?

Q. There is the cheque?—A. I mean the bunch of cheques.

Q. Is this the one? Don't mix them up with the others?—A. (Witness takes out cheque.)

Q. May, 1908?—A. Yes, No. 3015.

Q. That is not it, is it?—A. That is it.

Q. That is payable to cash?—A. That is what we did as cash.

By Hon. Mr. Cassels:

Q. Where is the entry of the disbursement of that cash in your book?—A. Our bank account lessens \$375.

Q. But surely your book-keeping on the books would?—A. The book-keeping is the regular—

Q. One moment. The bookkeeping would show a credit to the firm of \$375?—A. Yes.

Q. And unless there is some cross entry to show you paid out that \$375, you simply would have a credit of that \$375 without any effect?—A. Exactly.

Q. Where is the book showing the offset?—A. We don't put in the offset.

Q. How do you balance your account at the end of the year unless you have some entry of the payment out of the \$375?—A. Your lordship, there, there is the month (indicating) here are our receipts and payments.

Q. I understand that?—A. I will show you any payment. We come down with a balance on hand of \$445.10, of that \$375 is held as cash.

Q. That may be, but you are holding that as cash and not showing the previous payment of it. Any proper books would show the disbursement of that \$375.

By Mr. Watson:

Q. That cheque of \$375 where is that shown in the books?—A. We have \$375 in the bank.

By Hon. Mr. Cassels:

Q. I dare say. That is not in your books?—A. I do not know any better bookkeeping than that.

Q. Supposing it is this way, a business transaction with John Jones, a payment of \$375 to him and you take a promissory note. Well, you put an entry in the book. Disbursement \$375 to John Jones, and then on the reverse side you credit his note, which when paid would wipe out the previous disbursement. Would not that be the ordinary method of bookkeeping?—A. In the case you are speaking of.

Q. Like the case I am speaking of, this is the case in point. It is simply this; you treat this man's cheque as so much cash, and you do not show in your books you pay him any money?—A. We cash his cheque, we do not pay him any more money.

Q. You do not cash the cheque, you keep the cheque as an asset.

By Mr. Watson:

Q. Why did you not put in the name of Mr. Harding in that cheque?—A. Well, I don't know why.

(Cheque for \$375 signed Chas. McDonald marked Exhibit 241.)

Q. Now, Mr. McDonald, as a business man and the general manager of this company you do not know why you did not make that cheque payable to the order of Mr. Harding?—A. I do not know.

Q. You do not know why you did not. Of course, the reason is apparent to everyone, and you will appreciate the reason is a fairly manifest reason, do you not?—A. What reason?

Q. The reason is fairly manifest to anyone of ordinary observation and sense, you understand that?—A. Yes.

Q. Of course, you understand the reason for it. What is the name on the back of this cheque. I think you read the writing?—A. J. S. Allen.

Q. Who is J. S. Allen?—A. He must be somewhere in Mr. Harding's office.

Q. Do you know him?—A. I know Mr. Allen lives up there.

Q. Do you mean the messenger?—A. The messenger.

Q. I see. The messenger endorses this cheque?—A. Mr. Harding must have given it to his messenger to go to the bank to get the money.

Q. \$375. Did you take any receipt for the \$375, because this was not a receipt, this is just cash, did you take any receipt?—A. That is the receipt for \$375.

Q. Do you call that a receipt?—A. I should think so.

Q. But that is also payable to cash?—A. Well, that is all right as soon as funds are there.

Q. When he brought that to your company why did he not fill out the name of your company in the usual way. Pay to the Iron Works Company?—A. There was no transaction between us and him that would warrant anything like that.

Q. I see. Nothing would warrant it. But still he came there to you to get the money from your company, didn't he?—A. Yes.

Q. Then why didn't he put it plain Iron Works Company?—A. Well, a great many cheques are paid in cash.

Q. I did not ask you that. Why?—A. I don't know. It would not make the slightest difference.

Q. It would not make the slightest difference?—A. No.

Q. You do not know why?

By Hon. Mr. Cassels:

Q. Have you ever demanded it back from him?—A. No, sir.

By Mr. Watson:

Q. Never demanded back payment of this money?

By Hon. Mr. Cassels:

Q. You wiped it out I suppose in your expense account practically?—A. No, it is in our cash account to-day.

Mr. WATSON.—Let us see if it is in the expense account?—A. It is not in the expense account; it is cash on hand.

Q. But you told us a little while ago that you loaned money to Mr. Schmidt and you put that in the expense account. Why did you not treat this in the same way?—A. Because whenever I would ring up Mr. Harding and tell him, 'I want that cheque,' he would arrange and have it paid.

Q. This cheque?—A. Yes.

Q. How many times had it been paid?—A. Never.

Q. I thought you said that whenever you rang up Mr. Harding about this cheque—

A. At whatever time I presume.

Q. I did not think we were dealing with presumptions?—A. Well, I cannot say.

Q. Eh?—A. I don't know what you are talking about.

By Hon. Mr. Cassels:

Q. Mr. McDonald, that transaction took place on the 19th of May?—A. Yes, sir.

Q. It is a cheque payable on the bank for cash?—A. Yes.

Q. And according to your statement he was to refund it. Now, more than six months have gone by and you have never asked for repayment. You are dealing with the head official of the Marine Department in St. John. Mr. Watson wants to know whether it is not pretty reasonable inference that what it is done for is just to make things pleasant with the department. Is not that the whole story?—A. I fancy it might be.

Q. Tell me the whole truth?—A. But you mean to think that cheque was never intended to be paid.

Q. I think this, that cheque when given never was contemplated to be paid. It might or might not be paid. If Mr. Harding should come into any money it would be; if not, it would be lost. You were dealing with the department, and that was done just to grease the hands of the officials and make things smooth; that is about the whole story?—A. No, he always paid the cheques.

By Mr. Watson:

Q. Let us see the other cheque. You said to his lordship that it was of course to make things agreeable and pleasant with the officer of the department. You do not want to withdraw that, do you?—A. With regard to Mr. Harding, I did not say that, did I?

Q. Did you?—A. I certainly did not.

Q. Well, let us see the other cheques now. Do you mean to say you had other transactions?—A. Many of them.

Q. Many of them?—A. Yes.

Q. The same period of credit, six months or so sometimes?—A. Sometimes six months.

Q. Sometimes a year?—A. Yes.

Q. Sometimes two years?—A. No.

Q. Do you recollect any going beyond a year?—A. No.

Q. Those things have been going on for the ten years you have been in business?

—A. A considerable period.

Q. Practically all of it?—A. No, about four years.

Q. Not before that?—A. No, to the best of my knowledge.

Q. Mr. Harding is not in business outside the agency?—A. No.

Q. Not to your knowledge?—A. No.

Q. You never heard or knew of any business transactions outside the agency?

—A. No.

Q. I suppose you knew his salary is about a couple of thousand dollars?—A. No.

Q. Did you have any idea?—A. I heard it was \$1,800.

Q. \$375, that was one. What was the largest one, \$1,000 or \$2,000?—A. Never.

Q. What?—A. About \$470 or \$475.

Q. \$470 or \$475?—A. Yes.

Q. And what about the \$800 one?—A. I don't remember any of \$800.

Q. Will you say there was not?—A. I think I almost will. Perhaps I had better not. One's memory does not serve one very long in these cases.

Q. I see. \$400 or \$500 is a pretty large sum of money, is it not? It is with us; I do not know how it is down here in St. John?—A. It depends on who the people are. If they are rich it is not very large.

Q. But a pretty large sum of money for Mr. Harding with his salary of \$1,800, that is nearly a fourth, about a fourth of his year's income?—A. Yes.

Q. A pretty large sum of money for him?—A. I should fancy so.

Q. You recognized that as so at the time?—A. Yes.

Q. And during 1908 how many thousands of dollars did the transactions amount to, \$10,000 during the year 1908?

Hon. Mr. CASSELS.—That is, transactions with the department.

Mr. WATSON.—No, my lord. I am speaking of these transactions with Mr. Harding as agent.

Q. This kind of transaction would amount to \$10,000 during 1908?—A. Possibly \$900.

Q. Eh?—A. Would aggregate possibly \$900.

Q. During 1908?—A. Yes.

Q. You have got it at hand wonderfully. Let me have the cheques?—A. 1907 I thought you said.

Q. I said 1908?—A. 1907.

Q. I said 1908?—A. 1908 possibly too.

Q. How much would it amount to, \$2,000?—A. No.

Q. The aggregate?—A. I think it was \$760.

Q. And 1907?—A. Possibly \$900.

Q. And 1906?—A. I cannot recollect.

Q. You cannot carry beyond that. Now, let us see the transactions, the record of these transactions, notes and so on; let us see them?—A. You will have to take the stubs and go right through.

Q. Did you do it?—A. Oh, excuse me; yes I did. Really I forgot that I told you about that yesterday.

Q. Has the man come with that letter yet? Let me see that letter, please? Just look up this while I look at this letter. You have not got the note here; where is the note?

MESSENGER.—I don't know.

Q. You had that all the time?—A. Yes, sir.

Q. The letter is dated 11th November, 1908, my lord.

(Reads letter marked Exhibit 242).

Q. This says 'My Dear McDonald.' He was getting quite affectionate?—A. Yes, he was so.

Q. And you produced the note at 90 days.

(Note marked Exhibit 243).

Q. Did you answer the letter?—A. No.

Q. That is the letter and the note. You do not want the note; you are not particular about that?—A. I don't know; I think I do.

Q. Oh, well, it is not——?—A. If he wants to pay it I suppose I will have to hand it over.

Q. If he gets in distress like that let us know.

Hon. Mr. CASSELS.—You might have a copy made.

By Mr. Watson:

Q. Yes. We were looking at——?—A. That memorandum.

Q. Yes?—A. Here.

Q. This shows the cheques issued by the company?—A. You want to see the cheques?

Q. The cheques issued by the company?—A. Yes, sir, the cheques issued by our company.

Q. Here you have got—let us see them, please—July 11, 1905, \$390; September 11, 1905, \$202; November 5, \$425; that amounts to \$1,000 that year?—A. Yes, in the aggregate.

Q. Yes, 1905. Now, where do these appear for 1905? Why start in 1905; why not 1904?—A. Why did I start?

Q. Yes. Why did you not give 1904?—A. I don't know. I told them to turn them up, to get them up. I hadn't time to prepare it.

Q. 1905?—A. Yes.

Q. This is the cash receipt book, is it?—A. Yes.

Q. What have you got there?—A. The proceeds of our cheque No. 2163, \$390.

Q. Now, then could anyone in your office looking at that identify it as a transaction with Mr. Harding?—A. Oh, no.

Q. Eh?—A. Oh, no. Mr. Harding's cheque lies in our hands for \$390.

Q. Lies there now?—A. Oh no; at that period.

Q. But you are looking up now to see what the transactions were in 1905?—A. Yes.

Q. You are able to spot them quite regularly?—A. Because I have them there with the cheque.

Q. But you can spot it there without the cheque, can you identify it there on that page without reference to the cheque?—A. No.

Q. You could not tell?—A. No.

Q. Let us see. What is the next one there?—A. Cheque No. 2163.

Q. Is there anything opposite that, what are the remarks?—A. That is receipts and that is disbursements over there (indicating).

Q. Cash payments, they start there, don't they, on this page?—A. Yes.

Q. What are these then (indicating)? These have to do with the entries on that same page? What have we got 'One steel square' opposite \$390 for, you have got that?—A. Deposit and exchange.

Q. That is in the line immediately preceding?—A. Yes.

Q. Now, in the next cheque, No. 2163, \$290?—A. In the cash——

Q. Hold on. You have opposite that 'One steel square'?—A. That is merely a co-incident.

Q. It is right in the same line?—A. No it is not.

Q. Tell me if it is not in the same line (exhibiting book to witness)?—A. On the same line, but that has nothing whatever to do with the entry.

Q. What has that to do with it?—A. That means we paid \$14.40 for a steel square for our machine shop.

Q. But it is mixed up on the same page.—A. My dear sir, I can give you facts, I cannot give you comprehension.

Q. Thank you. Take the next one, Mr. McDonald. We are getting on very well, we are getting on polite terms.—A. The next one is McAlpine's Directory.

Q. No, the next one of Mr. Harding's?—A. Oh yes, excuse me.

Q. Before we leave that, was that \$390 ever paid?—A. Yes.

Q. Where?—A. There (indicating). Deposit \$390.

Q. \$390?—A. He borrows it on the 10th July and returns it on the 28th of July. He returned his money earlier in those days.

Q. I see.—A. I suppose he keeps stretching it up. He got us to cash his cheque on the 10th of July for \$390.

Q. You have said that. Where is the next item?—A. \$202 he borrowed on the 11th September.

Q. On the 11th September?—A. Yes, that same year.

Q. Just wait, please. Now did he do, did he come down to you on that occasion?—A. He never came down.

Q. He never came down. Did he write you a letter?—A. He would write me a note on a scrap like that, 'Dear Charles, will you please exchange for this. I will return in a few days, and he would inclose his cheque. I had to do it myself in my younger days.

Q. In your younger days?—A. Yes. Now I have not.

Q. These are not personal, these are company transactions?—A. Well, I was taking a risk as an officer of the company for doing these transactions.

Q. But of course you are a man of large private means?—A. I would not like to say that.

Q. And you did not take this out of your personal account, these were all company matters, that is right is it not?—A. Yes.

Q. And what is this?—A. But I would be personally responsible if he had not paid.

Q. Of course you would.—A. Would I?

Q. Yes, you say so. And the Department of Marine and Fisheries, that is the largest there too?—A. That is their cheques as they came rolling in.

Q. As they came rolling in?—A. Yes.

Q. That is about the same time as the other, as the one rolls in the other rolls out?—A. Yes.

Q. The same?—A. Oh no, absolutely nothing to do with it.

Q. Just a rolling process that?—A. No, that has nothing to do, one transaction has nothing whatever to do with the other transaction.

Q. I see. It is just a mere matter of coincidence of the sea, the water comes in and the water goes out, the same tide, I suppose. Then the next one, when was that repair, what was the date of this one, the second one?—A. The 11th September.

Q. Yes.—A. That I cannot tell.

Q. You cannot find that?—A. Not there.

Q. No. That I suppose is charged up to expense account?—A. Oh no, it was repaid.

Q. Well, can you find it?—A. No. It shows it has been paid.

Q. Where is it to be found in the books, you have not been able to trace that?—A. I cannot see it.

Q. You cannot see it?—A. Not that one amount.

Q. Now, 1904, let us see the entries there, let me see the book of 1904.—A. Which book?

Q. Oh, the book, the cash register of 1904. Let us see the first transaction with him in 1904, where is that?—A. I don't know.

Q. Have you looked that up?—A. No, I have not had time.

Q. Have you got your cheques here for 1904?—A. Yes.

Q. Can you tell better by reference to the cheques?—A. Yes, I fancy so.

Q. You can tell by reference to the cheques. All these cheques were always made payable to cash?—A. I think so.

Q. That was the result of deliberation and design, making them payable to cash?—A. I think so, yes.

Q. You think so. Deliberation and design in making them payable to cash. His cheques the same way and your cheques the same way?—A. Yes.

Q. And his name does not appear in your books at all?—A. No.

(Adjourned at 12.50 to 2.30 p.m., and then resumed.)

Examination of Mr. McDonald resumed by Mr. Watson at 2.30 p.m.

By Mr. Watson :

Q. Then I suppose we may take it, as I understand, for granted that if Mr. Harding had not been the agent of the department here this long continued course would not have been pursued by you?—A. Oh, I think possibly so.

Q. Yes, possibly so.

By Hon. Mr. Cassels :

Q. Is there any doubt about it, Mr. McDonald?—A. Well, your honour, Mr. Harding was a man well known in the community, and I have known him very well, and I may have done something for him where I would not have done much for others.

Q. Is not the truth simply this that you were dealing with the department, getting large contracts, Mr. Harding was in charge, and you thought it would just smooth matters over by letting him have the money?—A. Mr. Harding hadn't much to do with my getting orders.

Q. He had something to do with it?—A. I didn't take much stock in his prevention or attention to the orders.

By Mr. Watson :

Q. But listen, Mr. McDonald. Your answer to me was the correct answer?—A. Yes.

Q. Quite so. So that we need not pursue it beyond that point.

Hon. Mr. CASSELS.—No, it is too plain.

Mr. WATSON.—Yes, perfectly plain.

Q. There is no use beating about the bush, Mr. McDonald?—A. No.

Q. You may as well come to it first as last, quite so. Now, have you looked through those cheques of 1904?—A. I haven't got through them yet.

Q. Just let me see them, please?—A. For 1904. (Producing.)

Q. Yes; and the book for 1904. Those are the cheques?—A. Yes.

Q. And let us see your entries for that year identifying the Harding transactions?—A. Well—

Q. As far as you can identify them. You can pick them out pretty well, you know. I understand, Mr. Macdonald, no doubt I am not at all misunderstanding you. I understand that you are a very close, I mean to say a systematic man in business matters, an exacting accurate business man, one of the most so in the city. That is no doubt correct?—A. I aim to be.

Q. You aim to be; quite so. Now, these are 1904.

Mr. WATSON.—We did not have the opportunity, my lord, of seeing these before otherwise we might have saved a little time.

Q. Who is Charles McDonald?—A. Myself.

Q. I suppose this cheque for you is a matter of salary, that is monthly?—A. No.

Q. Is that a sort of expenditure, business expenditure, too that same sort of thing?—A. No, my private account.

Q. Salary or dividends?—A. Dividends.

Q. I see. Now here is a cash one for \$125, no name on it at all. Do you see? (Exhibiting) \$125. Let us see what that is in the book, February 15th, 1905. All the others are made out in the regular way, payable to individuals or firms. All these were made payable to cash, everything that Mr. Harding got was payable to cash?—A. I think so.

Q. So we can confine ourselves to that. Apparently there was one about once a month, Mr. McDonald, it was about once a month on an average?—A. Yes, it might be longer than that.

Q. But there was one of these transactions about every month?—A. Sometimes a longer time than that.

Q. And sometimes shorter?—A. Very seldom shorter.

Q. I see. We can take it as about an average of twelve a year. And there is just that one apparently in February that I have seen so far. These average from say \$300 to \$500 apparently?—A. Yes.

Q. And then at best the average time of straightening up was about six months. You said occasionally about a year, I think?—A. Yes.

Q. And now we found one there this morning, did you find that in the book?—A. Yes, that is for material.

Q. Where is that carried to, \$125?—A. \$125, and charged up to material on the other side.

Q. I suppose that would be material?—A. Yes.

Q. I mean to say this would be material in a way?—A. No.

Q. It would be a material payment?—A. Of Mr. Harding's?

Q. Yes.—A. Oh, no.

Q. It would not be that kind of material; it would be a different kind of stuff?—A. Yes.

Q. What is that order, C. E. Harding, that is not the same gentleman is it?—A. No.

Q. Where is this one?—A. No. 1692.

Q. That is marked the same as number 1500, 1592, \$125—the bank?—A. Received—

Q. Hold on now. Where is your entry in your bank-book for that, where is the disbursement for that—Oh, this is your cheque on disbursement?—A. Yes.

Q. Then you received the cash?—A. Yes.

Q. Where is the entry of the receipt of the cash?—A. That was the entry.

Q. I mean to say where is the entry of the payment of the cash?—A. On the other side.

Q. Bring your bank-book, will you, for that time. \$125, you have just got opposite remarks 'allowed voucher.'—A. 60.

Q. What does that mean, allow voucher? I do not see any other entry like that. Allow voucher, that does not identify it with anything, material or anything else. You see that hardly works out Mr. McDonald in the way you thought, you did not catch on to that quite?—A. I did.

Q. Did you?—A. Yes.

Q. Whom did you get that material from? You call it material. Allow voucher, that is a queer sort of entry for payment for material is it not? It is manifest Mr. McDonald, that that was a straight payment, a gift out and out, is it not, in that case?—A. A straight gift to whom?

Q. To the man who got the cheque. Allow voucher, that is not a business entry, do you see, that is not a business entry for payment for material at all?—A. No.

Q. No, of course not.

Hon. Mr. CASSELS.—A passed transaction.

Mr. WATSON.—Yes, my lord.

Hon. Mr. CASSELS.—That is what it means.

By Mr. Watson:

Q. That is evidently so, is it not?—A. Yes.

Q. And that is no doubt—A. That has nothing to do with this case.

Q. Who got that?—A. I would have to get the voucher and find out.

Q. Let us see the voucher?—A. That would take me back to 1904.

Q. Where are those vouchers?—A. Filed away.

Q. It means then you cannot explain this at all?—A. I can explain it.

Q. Allow?—A. Allow.

Q. Allow voucher?—A. Allowance, that is what it stands for.

Q. Well, now, that does not represent payment for material. You see, you have got in the other cases the names of the individuals, you have nothing there but just 'allow vouchers,' do you see? Who has it to do with?—A. I don't know.

Q. How can you tell that that did not go into Mr. Harding's pocket?—A. Because I know it did not.

Q. \$125.—A. Mr. Harding certainly never had \$125.

Q. You gave him a cheque?—A. Not a cheque.

Q. We have cheques here.—A. But he repaid them off.

Q. Show us where he repaid them?—A. That is not Mr. Harding's cheque.

Q. It is just the same as the cheque here. That was Mr. Harding's?—A. But you have thousands of cheques like that.

Q. Just wait, please. Let us deal with what we have. There was another cheque which was given before luncheon and you said you could not trace the payment of it?—A. Yes.

Q. That was a Harding cheque?—A. Yes.

Q. Well, now, that is just the same position. How do you distinguish that from this? Mr. Harding's name did not appear on that and you said that was his cheque, and there was no evidence of repayment of it. Why does not the same apply to this—is it in your handwriting?—A. No.

Q. Who is the writer of it, what is the name of the person?—A. Mr. Irvine.

Q. He is the one who is in Montreal?—A. Yes.

Q. Well, that is all you can say about this, is it?—A. That is all I can say.

(Cheque for \$125 signed by witness marked Exhibit 244.)

Q. Then a dozen cheques, say twelve cheques averaging from \$300 to \$500, the average would be \$400, that would be about \$4,800, \$5,000, putting one and one together so easily that is the way that would work out, is it not, your transactions with Mr. Harding each year of this character amounted to about \$5,000?—A. I don't think it will amount to that much.

Q. Taking the premises you have given me already.

By Hon. Mr. Cassels:

Q. As a running account. Not that Mr. Harding owed you at one time \$5,000, but the running account?—A. Possibly.

Mr. WATSON.—Yes. Then \$5,000 a year for a man who is not in business, an official employee of the department at \$1,800 or a couple of thousand dollars, of course that was altogether out of measure.

Hon. Mr. CASSELS.—I do not think the witness meant that, Mr. Watson. He does not mean to say at any one time Mr. Harding was indebted to the extent of \$5,000. He was just giving a cheque for \$500, then there was repayment and a new cheque.—A. That is it, your honour.

Mr. WATSON.—I did not make myself quite clear to you or to his lordship about that. I meant to say that kind of running account amounting to \$5,000 a year, \$4,800 a year, is altogether out of proportion to the position of Mr. Harding as an employee of the government at \$1,800 or \$2,000 a year. It goes without saying?—A. (Witness nods.)

Q. You nod. Please answer instead of nodding. The reporter cannot get down the nod.—A. I did not nod for an answer. I threw down my head to think over your question and your long remarks.

Q. Just think over it and then when you are ready kindly let me have the answer?—A. It would appear now just as you say.

Q. Now then, how many more of these than the one we have got this morning and the one that has already been put in of \$375, how many more of these have you been unable to trace the payment of, or have you tried, did you figure it out at all?—A. I have not had the opportunity to figure that out yet.

Q. I see. Perhaps if we give you a little time you could figure this out, could you?—A. I could try.

Q. You could try, yes. Well, I have no doubt that Mr. McDonald can do anything, you can do anything you try to do in a business way, and if we give you until to-morrow morning no doubt, suppose we give you from now you will have the rest of the afternoon and evening, if necessary, and you will be able to give us a fairly accurate statement with reference to the books to show how many of these are in a similar position?—A. I don't know if I could, I will try.

Mr. WATSON.—Do you not think, my lord, that will be the better way so as to facilitate the examination?

Hon. Mr. CASSELS.—Yes.

WITNESS.—But—

Mr. WATSON.—What is that?—A. I have been to the bank now.

Q. What bank?—A. The Bank of New Brunswick, where we do all our business, to demand all my deposit receipts for the year so I can trace all these receipts. The cheques have an initial and were put on with other cheques to make up the deposits. Sometimes the amounts were sent down in cash.

By Hon. Mr. Cassels:

Q. Did Mr. Harding allow you interest on the time he took to repay?—A. I never asked him for interest.

Q. I only wanted to know.

By Mr. Watson:

Q. I see in 1904 there are three other cheques here, two with no names on them at all. A cheque dated July 29 1904—no, I beg your pardon, that is Charles McDonald. Here is cash \$100, cash \$25. But you had better take all these, I think that is a good suggestion to facilitate matters. Just take them and work out and see how much it is that Mr. Harding is behind in these matters. How much he is ahead rather. Did you know any of the officials from Ottawa?—A. I may have been introduced to some of them, but I didn't know them.

Q. Did you not know them pretty well?—A. I would have to hear their names.

Q. Would you?—A. Yes.

Q. Did you know the deputy minister?—A. What name?

Q. Colonel Gourdeau?—A. I was introduced to him once, but I would not know him if I saw him. I only saw him for a minute or two.

Q. I see. Did you know Mr. Fraser?—A. I cannot remember ever meeting him.

Q. We were informed last evening he was here quite often and well known, I do not say by you, but well known here in the office. Did you meet him often?—A. No, it would not be often, because I have no recollection of him.

Q. No recollection of him?—A. No.

Q. And the engineer, Colonel Anderson, did you meet him?—A. He was with Mr. Gourdeau that day.

Q. He was?—A. Yes. Somebody introduced him to me, but it was just a moment.

Q. Did you have transactions with any of these people?—A. No business transactions.

Q. Money transactions?—A. Oh no.

Q. The same kind of lending transactions?—A. Oh, bless you no.

Q. Eh?—A. No.

Q. You did not?—A. A very small portion of our business—you are taking it up as if we had nothing to do but chase after government officials. I never thought of the thing. I am astonished now to find we have so much to do with the matter.

Q. Are. you?—A. Of course it is the only business we have to do with Mr McDonald here at the present time. Well then, if you will kindly do that and be here to-morrow morning at ten o'clock with your book-keeper that will facilitate matters. We will want them all back. I find a good many cheques with no names on the back, cash-cheques. It amounts to a good deal more than \$400 or \$500 a month according to this.—A. Do you mean to say I have ever said all the cheques we drew to cash were given to people?

Q. No, you have not.—A. We may have drawn cash several cheques a day, several times.

By Hon. Mr. Cassels:

Q. Mr. Watson just wants you to single out those that relate to the department.—A. Yes. But he says he sees a great many more stubs. We may want \$50, we don't keep it in the till.

Q. These remarks do not make evidence. We want evidence.—A. Yes.

By Mr. Watson:

Q. Just a word. You said this morning there were a few cases, two or three cases I think you said, during the last four years where there were written contracts, and in all other cases it was a matter of open work and rendering your account after the work was done and the material supplied?—A. Yes.

Q. That was the condition of affairs, no arrangement made between you and Mr. Harding as to the amount that was to be charged?—A. No, in a good many cases.

Q. Well, that was the rule?—A. The rule more than the exception.

Q. Yes. And there was no arrangement made as to prices either, as to the basis of prices?—A. Oh yes there was.

Q. What case?—A. We had to charge what price we charged for our iron and our steel, and our material, and our time.

Q. That is what you paid yourselves?—A. No, what the government would pay. For instance, if we would send up a bill for forty-eight or one hundred and forty-eight pounds of iron at seven cents a pound, it would come back next day marked six cents and we would find we had to charge six cents.

Q. Your idea was to charge good retail prices?—A. Charge the same prices—

Q. Was it good retail prices?—A. I don't know what you call retail, what can be retail about a business like ours? We charged the same prices that we charged other people for on similar class of work.

Q. Yes, the same prices for material?—A. Yes.

Q. For material and for work?—A. And for work.

Q. We have the accounts here?—A. Yes.

Q. And is there anybody else here that could do the same kind of work?—A. Yes.

Q. Who is it?—A. We would have James Fleming, the James Fleming Company.

Q. He would be a competitor of yours?—A. He would be a competitor.

Q. And anybody else?—A. There are lots of machine shops, but whether they would be with an equipment like Fleming's and ours, I don't think so.

Q. I see. There would be one competitor at any event, and possibly for some work more?—A. In fact the feeling I had was that we had no competitors at all.

Q. I see. That is the feeling you went upon?—A. We would get the work in any case.

Q. I see. You mean it belonged to you?—A. That we had such an establishment and did our work in such a way it would come there.

Q. It would come there?—A. A large portion of it.

Q. Free from competition?—A. Free from competition.

Q. Free from competition?—A. That is it.

Q. And I suppose that makes some difference in trade whether or not there is competition?—A. Oh, I have always found it so.

Q. Yes, you have always found it so. Competition is the life of trade, eh, for the customer as well as the business man? There is a great advantage in having competition, that is an advantage to the customer?—A. Possibly to the customer.

Q. I see, possibly to the customer. I suppose so. That will do for the present, Mr. McDonald. To-morrow morning at ten o'clock, please.—A. Yes, thank you.

CHARLES MOORE, called but not present.

WILLIAM JAMES VROOM, sworn.

By Mr. Watson:

Q. Mr. Vroom, you are in business here, and apparently the firm is Vroom and Arnold?—A. Yes.

Q. What is the business of your firm?—A. Marine insurance and coal business.

Q. Marine insurance?—A. Yes, and coal business.

Q. Any other line of insurance?—A. Fire insurance.

Q. Fire insurance?—A. Yes.

Q. And life insurance?—A. I say marine and fire insurance and coal business.

Q. And any other kind?—A. No.

Q. Incidental?—A. Nothing of any importance.

Q. Are there many people dealing in coal here?—A. A good many. Reading over the directory I should think there are a good many of them.

Q. I suppose a score or more?—A. Not so many as that, no, we are a small community here.

Q. Well, not so small. A dozen or twenty, somewhere there?—A. Yes.

Q. You are wholesale dealers?—A. Yes.

Q. So that you have a pretty large turn-over?—A. Oh yes.

Q. Any other dealers equally large in business with yours?—A. Oh yes, much larger.

Q. Much larger?—A. Yes.

Q. I see. Mention to me some of the largest here?—A. R. P. and W. F. Starr, J. S. Gibson & Co.

Q. Those are the largest?—A. Yes.

Q. And then others come down along to your level and beneath it, I suppose?—A. Yes.

Q. And about how long have you been in business?—A. Since 1869, 39 years.

Q. That is long enough ago. Continuously in the same kind of business?—A. Yes.

Q. And about long have you been having contracts with the agent of the Department here?—A. We have had them with the head office of the Department in Ottawa.

Q. Yes, and some here?—A. No, it has all gone through the head office.

Q. All gone through the head office?—A. Yes.

Q. For how long?—A. Well, when this government came into power.

Q. 1896?—A. 1896, well, it was then or shortly after.

Q. You were not in it before?—A. No.

Q. And then you have been patronized from that time on?—A. I think so.

Q. I see that your transactions have been pretty large; they figure here at \$20,783?—A. What length of time?

- Q. That is for the three fiscal years?—A. 1904?
- Q. 1904-5, 1905-6, 1906-7, three fiscal years?—A. 1904, 5, 6 and 7.
- Q. Just three years?—A. I can give you an exact account of it, if you wish it, in my coat pocket.
- Q. I have got this from the department?—A. I made out a list for the whole thing.
- Q. You made out a list for the department?—A. Yes.
- Q. I see. And what does this consist of?—A. Of coal.
- Q. All of coal?—A. Yes.
- Q. Nothing else?—A. No.
- Q. No marine insurance in that?—A. No. They do not insure, I am sorry to say.
- Q. Well, as far as I can observe you have had the whole of the coal contracts here?—A. Oh, no.
- Q. Who else has had them?—A. Mr. Hickman, of Dorchester. Mr. Likely has had some.
- Q. But in St. John?—A. St. John I am speaking of.
- Q. Hickley?—A. Hickman, of Dorchester, has had contracts for coal at times out of St. John and sent to the Bay of Fundy lights.
- Q. Those are under \$1,000 in each case. Well, then, where did you deliver the coal?—A. Which coal?
- Q. The coal you sold?—A. Delivered it here.
- Q. Where, at the wharf?—A. Yes.
- Q. To whom did you deliver it?—A. To the S.S. *Lansdowne* or the *Curelw* or the *Canada*. The *Lurcher*—the *Lurcher* never came up here; it was taken to her.
- Q. What is that *Lurcher*?—A. A lightship at the mouth of the bay.
- Q. I see. So it was just to these four ships, as far as you can recollect now, you made deliverance?—A. Yes; the *Curlew*, *Canada* and *Lansdowne* chiefly.
- Q. The *Lansdowne* chiefly?—A. Yes. She has carried it to the *Lurcher* lightship and some fog alarm stations and consumed it herself.
- Q. You got no directions from Mr. Harding to make delivery?—A. Yes.
- Q. That would be, I suppose, over the telephone?—A. Sometimes.
- Q. Generally over the telephone?—A. Yes, I would think so.
- Q. And upon these telephone orders you would deliver from time to time, say how much, a few hundred tons?—A. I have it all written down.
- Q. Do you recollect?—A. Yes. From 50 to 200 tons.
- Q. On a telephone order, I see. The telephone communication would just be, as I understand it, to your firm to deliver so much coal to the *Lansdowne*?—A. Yes.
- Q. And that is all there would be to it?—A. Yes, until the coal was delivered and the bills went in with the vouchers for the quantity.

By Hon. Mr. Cassels:

Q. I understand from Mr. Vroom he had his contract from Ottawa, and these orders were simply orders to fill the contract?—A. Yes, that is so.

By Mr. Watson:

Q. Have you got the contract?—A. We have all the correspondence.

Q. Correspondence—have you got any contract signed by the minister?—A. I don't think that I have.

Q. You don't think you have?

Hon. Mr. CASSELS.—That is my comprehension of his statement.

WITNESS.—My contract, if you allow me, was by sending in a price to the office or to the department—that is the correct term, is it?—the department in Ottawa, a price at which I would deliver coal to the ships here, and that would be accepted by presently getting an order for coal or not getting it; sometimes we got it; sometimes we did not.

By Mr. Watson:

Q. Take 1904, did you have any such contract?—A. Yes, I had such a contract 11547—3

Q. Just let me see it please, 1904?—A. I will have to send for my letter-books.

Q. Have you got the correspondence?—A. No, the copies are in my letter-books.

Q. Eh?—A. The copies are in my various letter-books, the copies are of the various offers I made.

Q. You just sent up these offers?—A. Yes.

Q. There were not any tenders solicited?—A. There may have been in 1904, but not since then, I think.

Q. And you charged retail prices?—A. No.

Q. What prices?—A. The closest prices I could fix to make a living.

Q. But what prices, wholesale or retail?—A. I don't know anything about the retail prices.

Q. You don't know anything about retail prices?—A. No, I never heard of them in my business, because it did not come in my way to inquire.

Q. Do you deliver coal about the city on orders?—A. No.

Q. Say a resident here was to send an order to you for ten or twenty tons of coal, would you fill it?—A. No.

Q. You do not fill them?—A. No.

Q. You are exclusively wholesale?—A. Yes.

Q. You are sort of agents, I suppose you buy and sell?—A. No; merchants.

Q. Eh?—A. Merchants. We buy and sell, that is not being an agent, you know.

Q. Well, you buy your coal and then you sell it out?—A. Yes.

Q. Have you got coal yards?—A. No.

Q. When you get an order?—A. We get it from the mine.

Q. You do not keep a supply on hand?—A. Not at all.

Q. You have not any regular stock, anything of that kind, no supply, no warehouse?—A. No.

Q. Why, its like an insurance business?—A. I don't know.

Q. You could do all that then in an office?—A. In an office, yes, that is where I do it.

Q. And do you supply many others than the department, or is your business limited to the department?—A. Not limited to the department.

Q. For the most part?—A. For the most part.

Q. I see, it is chiefly departmental business?—A. I don't know about being a departmental business; we sell coal.

Q. To the department?—A. When we can, when we can with a margin of profit.

Q. And you get as good a profit as you could?—A. Sometimes we did not. I don't think it is right.

Q. Not to get as good a profit as you can?—A. No, I don't practise it.

Q. Then, as I understand you, your dealings are confined for the most part to such transactions in coal as you may have with the department?—A. Oh yes, for the last year or two.

Q. I see.—A. I think that is correct.

Q. That is correct?—A. For the last year or two.

Q. So that Mr. Harding or the deputy minister could write to any other insurance agent and give his orders for coal in the same way?—A. I don't understand.

Q. You don't understand that?—A. No.

Q. I see. I mean to say you are not regularly in the coal business?—A. Yes, I am.

Q. Except for the purpose of supplying their orders?—A. Oh, yes, I am.

Q. I thought you said it was almost exclusively—A. No, I said it was largely for the last year or two I sold more to the government than I did to private individuals. The coal trade has changed here very much lately.

Q. That has been so for the last four or five years?—A. No; for the last year or two.

Q. I see. Then who measured the coal or weighed it?—A. Weighed it?

Q. Yes.—A. The persons who supplied it at the mines, and then it is weighed by the Intercolonial Railway over which it comes.

Q. But I mean as between you and the department?—A. That weight is taken.

Q. Eh?—A. That weight is taken by the department.

Q. So there is no new weighing?—A. No new weighing. It is done by the shippers at the mine, and that is checked by the Intercolonial Railway.

Q. So it does not make any difference to you whether the shipments are under the mark or not?—A. No. It is a well understood thing in this business.

Q. You cannot lose if under weight?—A. No, I do not propose to lose. It would ruin us if I did. That would be silly.

Q. Of course. You would not buy coal yourself without having it weighed—A. I would.

Q. If you had to pay for it?—A. Certainly I would. It is a well known fact. I have shipped coal myself for twelve years from the Springhill Mines and know how the business is conducted.

Q. Then you have known Mr. Harding, I suppose, for some few years?—A. Oh yes.

Q. In connection with these business matters?—A. Oh yes; and personally.

Q. Of course, I suppose you would know everybody in the city?—A. Pretty nearly.

Q. So he would not be any stranger to you here?—A. No.

Q. I mean to say he is not related to you in a business way?—A. No business relation.

Q. Between you and him?—A. No.

Q. You knew him the same as any other business man in the community?—A. Yes.

Q. Just in the same way. That is the relation. Then have you had business transactions with him as agent of the department?—A. Nothing but this coal business,

Q. Nothing but this coal business, I see. Then, where do you get paid?—A. Cheques from Ottawa.

Q. Do they come direct from Ottawa?—A. No, they come through him.

Q. Eh?—A. They come through him to our order.

Q. Payable to your order?—A. Yes.

Q. I see. So that you do not get the money by his cheques?—A. No.

Q. And he is a pretty large customer of yours?—A. No.

Q. Yes.—A. What do you mean, as agent for the department.

Q. Of course, I know that. But personally, apparently he is a pretty large customer of yours?—A. What do you mean?

Q. I just mean what I say.—A. No customer of mine.

Q. Not at all, you do not owe him money from time to time?—A. No.

Q. And he does not owe you money?—A. Sometimes.

Q. Eh?—A. Sometimes.

Q. Sometimes?—A. Yes.

Q. How do the transactions stand between you and him now?—A. Nil.

Q. Eh?—A. Nothing between us.

Q. Nothing between us?—A. No.

Q. When were they closed up?—A. Oh, I should think it is a month since I cashed a cheque for him.

Q. A month since you cashed a cheque for him?—A. Yes.

Q. Let me see your books?—A. I will have to send for them.

Q. Did you not bring them?—A. No.

Q. I want all your books from 1904 on?—A. All of them?

Q. Yes, all of them?—A. Well, I will have to go and get them, telephone for them.

Q. Tell me what books you have starting in 1904?—A. A day book and ledger containing our business.

Q. Wait, please 1904, a day book Go on?—A. Ledger.

Q. Ledger?—A. Other books concerning this business?

Q. In your business. My dear sir, I want all of your business books?—A. There are letter-books, cheque-books and a bank-book.

Q. Certainly. Did you read your subpoena?—A. Yes.

Q. The subpoena calls for all those?—A. I thought that was what they wanted. I never thought of stopping one's business.

Q. We do not want to stop your business?—A. I am very ignorant of this.

Q. Yes. 1904, day-book, ledger, letter-book, cheque-book, bank-book?—A. Yes.

Q. What other book?—A. I think that is all I can think of now that would embrace any transactions which you are inquiring about.

Q. Yes. What about a cash-book, that is a pretty important book?—A. That is contained in the day book.

Q. Is it?—A. Yes.

Q. Everything is there?—A. Everything is there, every transaction.

Q. And you have an account running with Mr. Harding?—A. Yes.

Q. A regular account?—A. Yes, eight or nine entries in the year.

Q. And then 1905?—A. Yes, same.

Q. Any more?—A. The same.

Q. The same books?—A. Yes.

Q. A continuation of the same books?—A. Yes.

Q. 1906?—A. Same.

Q. A continuation of the same books?—A. Yes.

Q. 1907?—A. Same.

Q. And 1908?—A. Yes.

Q. You see, that is not much of a load, that is only five or six books.—A. It is a load when you have to carry them. We will get them.

Q. So you did not bring up anything of record?—A. No, except a transcript of the amount sold. Is that before you?

Q. A transcript?—A. Yes.

Q. Would you like to see it?—A. I will get you mine.

Q. I will ask you for it when I want it.—A. All right.

Q. I am much obliged to you. Who is your book-keeper?—A. My partner.

Q. Your partner?—A. Yes.

Q. Would you be good enough to ask him to come along?—A. Yes.

Q. That is—?—A. Mr. Arnold

Q. Do you participate in the keeping of the books at all?—A. Oh, yes.

Q. You make some entries?—A. Yes.

Q. You have a thorough system of book-keeping I should judge?—A. Yes.

Q. Quite accurate?—A. Oh, well—

Q. Everything is carried out fully?—A. Yes.

Q. So that every item in your books can be easily traced and every cheque can be easily traced?—A. Yes.

Q. If you were giving us a cheque, for instance, this afternoon—I am afraid I would not get up the courage to ask you—would you want to know my name?—A. Naturally.

Q. Then you would write out a cheque payable to my order in the ordinary course?—A. In the ordinary course, yes.

Q. And when you get cheques you expect them in the same way?—A. That is immaterial here.

Q. I see, immaterial. But, Mr. Vroom, I understand you pride yourself on your system and accuracy in your business?—A. Better than my neighbours, I try to keep business straight.

Q. Would it take 15 minutes to get the books here?—A. Oh, yes.

Q. Half an hour?—A. Yes. I will have to get some sort of conveyance, too.

Q. Then I will ask his lordship to be good enough to wait for half an hour, and you will have the books here then?—A. I will go now.

Q. Very well.

Mr. WATSON.—I may state to the witnesses that it is no use their coming here on their subpoenas without the books, because that is not in accordance with the subpoenas, meantime let us have Mr. Moore while Mr. Vroom is getting his books.

JOHN A. MOORE, sworn.

By Mr. Watson:

Q. What business are you in here, Mr. Moore?—A. Lumber business, tug boats.

Q. Eh?—A. Tug boats, lumber.

Q. Lumber business?—A. My principal business is the lumber business.

Q. Lumber business?—A. Yes.

Q. And did you say tug boats?—A. Yes sir.

Q. Tug boats just for lumber?—A. For hire as well as our own business.

Q. And which is the important part of your business?—A. The lumber.

Q. I see. How many tug boats have you got?—A. Four.

Q. Oh, that is quite a fleet. And do you have limits, or do you just buy and sell?—A. Both.

Q. Limits and you both buy and sell?—A. Yes.

Q. And you have had a good many transactions with the Marine Department?—A. Yes sir.

Q. The Marine and Fisheries Department. You do business in what name, you own name?—A. Yes.

Q. Moore & Company.—A. Personally.

Q. J. E. Moore?—A. As well as J. E. Moore.

Q. J. E. Moore & Co., Limited, and also personally?—A. Yes.

Q. Are you sole proprietor?—A. No sir.

Q. Who is associated with you?—A. I am in several lines of business. In the lumber business Dr. White is partner with me. That firm is V. S. White & Co.

Q. Yes, that is in lumber?—A. Yes.

Q. So that there is Moore & Co. and White & Co.?—A. Yes.

Q. In lumber?—A. Yes.

Q. Who is associated with you in the other business?—A. The other is a corporation, it is a limited company.

Q. That is called?—A. John E. Moore & Co., Limited.

Q. That is for lumber too?—A. Yes.

Q. Three lumber firms?—A. That is lumber only, the buying and shipping.

Q. Then you buy from each other, I suppose?—A. We do.

Q. These are the wheels within wheels?—A. Yes.

Q. I see. And the same with the tug business, anybody associated with you in that?—A. Several others.

Q. Will you mind telling me?—A. Well, in one boat—do you want the different boats?

Q. Yes.—A. In the largest boat, the *Lord Kitchener*, there are four owners, myself, Dr. White, and Mr. Elliott.

Q. The others?—A. Three, the *Lord Roberts*, Dr. White and myself and Mr. Elliott.

Q. Yes.—A. The third boat is Dr. White, myself and Mr. Elliott. The fourth boat there are three owners, four owners, the captain has an interest in it.

Q. What captain is that?—A. Wiley.

Q. So that it is practically Moore, White and Elliott?—A. Yes sir.

Q. And off and on you have had during the last four years, longer than that, considerable transactions with the Marine and Fisheries Department?—A. Yes sir; not longer than that.

Q. Not longer than that?—A. I think in 1904 was the first.

Q. 1904 was the commencement?—A. Yes.

Q. These transactions have been through Mr. Harding, the agent here?—A. Yes sir.

Q. Let me see the last note you got from him or cheque?—A. (Witness produces note.)

Q. You produce here a note dated St John, November 4, 1908, four months after date I promise to pay to the order of myself at Marine and Fisheries office the sum of \$1,800, that is signed by Mr. Harding?—A. Yes sir.

(Note marked *Exhibit 245*.)

Q. Any other note than that?—A. No, sir.

Q. No other. Any other paper or cheque, anything representing money?—A. No, sir.

Q. Your transactions, you say, have been through Mr. Harding. For instance, you would get an order from him, I suppose, over the telephone for a certain quantity of lumber?—A. At times.

Q. And you would fill the order?—A. Yes.

Q. And send in your account to Mr. Harding and he would send it on?—A. Yes, sir.

Q. And the cheque would come back payable to his order or to your order?—A. To my order.

Q. I see. That would be for lumber?—A. Yes.

Q. And then for the tugs, would you get an order from him or a message from him, a telephone message to use the tug for certain purposes?—A. Yes, sir.

Q. And you would use it and send in the bill?—A. Yes.

Q. In the usual way and get paid?—A. Yes, sir.

Q. For instance, if you got an order to-day to send your tug, what would be the circumstances, tell me about a tug order?—A. Well, in connection with buoy work, it might be a buoy adrift or that required replacing.

Q. Replacing?—A. Yes.

Q. Do you know of any system in the department for maintenance of buoys in their places, that is to replace buoys, you do not know anything about that I suppose?—A. No.

Q. All you know is, that you got an order from Mr. Harding?—A. Yes.

Q. Then I suppose you would get an order from him, a telephone message or by some employee to do what?—A. Well, in some cases the buoy at the entrance to the harbour here has been adrift, out of place.

Q. And you would be instructed to get it and put it back in place?—A. Yes.

Q. And sometimes you go out of these waters a distance?—A. We have gone as far up the bay as Quaco.

Q. How far?—A. Thirty miles.

Q. Sometimes longer distances?—A. I think that is about the length of the distances.

Q. But you would know where you were going when you started?—A. Yes.

Q. Prices fixed or not fixed?—A. There is a regular price of \$10 per hour.

Q. \$10 an hour?—A. That is the usual price.

Q. You say that is the regular price?—A. That is tug boat prices.

Q. And what did you charge the department?—A. \$10 per hour.

Q. As long as you were gone?—A. As long as we were gone.

Q. From the time you leave until you get back?—A. That is right.

Q. And what other charges are there incident to the use of the tug?—A. Well, transporting a scow, that is a fixed charge of \$150 for each transport.

Q. Yes.—A. For towing a schooner would be \$5, and that would be according to the size of the schooner, but that did not come into the departmental work at all.

Q. So in regard to the tug you say the prices are fixed prices?—A. Yes sir.

Q. Is that so?—A. That is the usual tug price.

Q. I know. But sometimes your prices have exceeded, have they not, those prices?—A. Not to my knowledge. I don't think we ever charged over \$10 per hour.

Q. But that is for the tug?—A. Yes.

Q. What about the equipment and the men?—A. Well, hourly work is different.

Q. Eh?—A. Hourly work is different from the time charge.

Q. What do you mean?—A. If the department had a boat hired from me on a time charge at one time—

Q. I am speaking of this case?—A. That is the usual charge.

Q. Then you charge for the men?—A. No.

Q. Or charge for time?—A. That covers the whole charge.

Q. \$10 an hour day and night?—A. Counts from the hour you go to the hour you come back.

Q. No other incidentals?—A. No, sir, no other charges for the tug.

Q. Well, what is the other charge for?—A. No other for the tug or the tug crew.

Q. What is the other charge for?—A. Not unless there is something special.

Q. What is that?—A. If we get a crew off shore, additional men. We sometimes do that and charge actual labour paid.

Q. I see, you would sometimes get other men working?—A. Yes.

Q. Then you charge for their labour?—A. Just actual labour.

Q. At so much an hour?—A. At so much an hour or so much a day.

Q. And you charge a good profit on that, of course?—A. No.

Q. What profit?—A. None.

Q. Say you had ten men, suppose you were obliged to get ten men?—A. Actual cost.

Q. And they charged you \$2.50 a day, how much would you charge it into the government, the department?—A. The same price.

Q. No profit?—A. No profit.

Q. The profit is all in the \$10?—A. Yes. We just get reimbursed for that amount.

Q. I see. Then are there many others in the tug business?—A. Yes, sir.

Q. How many others?—A. Well, I suppose there are ten others.

Q. Ten tugs or ten other men in the business?—A. Ten tugs.

Q. Besides yours?—A. Yes.

Q. There is quite a fleet of them. You have had pretty much a monopoly for the Marine Department?—A. During the four years I think I have done the greater part of it.

Q. That is the reason I suppose, your accounts is a reasonably large account?—A. I suppose.

Q. You had favours, you had this favour from the department, having a preference in the orders?—A. I think they had considerable work done outside.

Q. But you had the greater part of it you said, that is right?—A. I think so.

Q. And then in the lumber, of course that varies in price according to the quality?—A. Exactly.

Q. And you sell that at the best prices you can get, of course?—A. Well, I think the prices will compare—

Q. I did not ask you about that. You got the best prices you could?—A. We get market prices.

Q. Yes. How much profit?—A. It would depend entirely on what the quality and quantity was.

Q. More profit on some kinds than on others?—A. Well, there would be naturally.

Q. The good quality carried more profit than poor qualities?—A. No. It is more difficult to get the larger sized timber.

Q. I see. It depends on the dimensions, the size?—A. Yes.

Q. And these orders used to come from Mr. Harding in the same way for the lumber?—A. Yes.

Q. So all your orders came from him for lumber?—A. Yes.

Q. And then you sent in your account, and the prices were not fixed until you sent in the account?—A. Sometimes, sometimes tenders.

Q. Now, during the four years how many contracts have you had, two or three more? Just try and think.—A. By tender?

Q. Yes.—A. Well, I think there were two.

Q. Two since 1904. Well, that is a pretty small proportion?—A. Well, the amount is very small outside of those two.

Q. I beg your pardon?—A. Outside of these.

Q. And the rest were all without any competition and without prices being fixed until you sent your account?—A. No, sir; mostly always fixed before.

Q. Fixed with whom?—A. The agent.

Q. Mr. Harding?—A. Yes.

Q. Prices with him?—A. Yes.

Q. Then you were under obligation more or less to Mr. Harding in connection with orders and business?—A. I would not look at it in that way.

Q. You would not look at it in that way?—A. No, sir.

Q. I see. You have done business on strict business principles always?—A. Yes, sir.

Q. You always adhere to that?—A. I always try to.

Q. I think somebody has said business is business. I understand that is one of your mottoes?—A. It is always when it is possible.

Q. And that is the way that you have carried on your transactions with Mr. Harding?—A. Yes, sir.

Q. And that accounts for this note for \$1,800 in the same way—business is business?—A. That is a straight loan.

Q. Well, it is a business transaction?—A. Certainly.

Q. With the agent of the Marine Department?—A. It is a business with him personally.

Q. You knew at the time he was agent of the department?—A. Certainly.

Q. And is this entered in your books?—A. No, sir.

Q. Not entered in your books?—A. No, sir.

Q. What?—A. No, sir.

Q. Not at all?—A. No entry.

Q. Is this a firm transaction?—A. No, sir.

Q. Not a firm transaction?—A. No, sir.

Q. Well, which one of the businesses is entirely in your hands? Dr. White and Mr. Elliott participate in that?—A. No, sir.

Q. Not to any extent?—A. To no extent.

Q. Not to any extent, I see. Then you did not do it the same as Mr. McDonald?—A. I did it in that way.

Q. Eh?—A. I did mine in the way I have stated.

Q. We have heard from Mr. McDonald that you are one of the largest shareholders and directors of his company, that is the Iron Works Company?—A. That is right.

Q. You knew about that, and you knew about the transactions between that company and Mr. Harding?—A. Not always.

Q. Well, were they kept secret from you?—A. I don't take any active part in the management of the business.

Q. Of course, I can understand that, but you were at the meetings of the Board?—A. Only once a year.

Q. Only once a year??—A. Yes.

Q. So everything is left pretty much to Mr. McDonald?—A. Yes.

Q. Mr. McDonald says that transactions, cheques, loans and things of that kind were the company's assets and moneys, and that he always communicated them to the members of the Board. You knew about that?—A. I knew of some cases.

Q. Did you understand that was a lending company?—A. I did not.

Q. No, that is a manufacturing and iron works company, manufacturing engines?—A. Yes.

Q. Those are its corporate powers?—A. Yes sir.

Q. And you understood, of course, it was quite out of the ordinary course of business for that company to have individual transactions with Mr. Harding in lending him money, did you recognize that?—A. I did not know of all the transactions.

Q. Well, leave out some of them and take others, you did know of others. Let us get on down. Those you had knowledge of, those you know were extraordinary and out of the proper ordinary course?—A. I didn't know so, no sir.

Q. Eh?—A. No sir.

Q. You did not know so?—A. No sir.

Q. You did not appreciate that?—A. No.

Q. You thought the company was doing an ordinary regular line business when it was lending money to the agent of the department, through whom orders were coming from the department to the company: Was that your idea?—A. I looked on it as a matter of accommodation to the agent.

Q. You looked on it as a matter of accommodation to the agent for the purpose of keeping things smooth and promoting business?—A. I did not know of that.

Q. That is what Mr. McDonald says?—A. He is the manager.

Q. Was that not communicated to you?—A. Not at all times. Many of those transactions took place without my knowledge.

Q. Well, Mr. Moore, there is not anyone more perceptive and keener than you are to size up a situation?—A. I hope I am that way.

Q. You size up a matter very quickly, you size up a transaction of that kind without any trouble?—A. Well, I cannot say I would.

Q. You cannot say you would. Well, if you did not size it up, what would you do, pass it without sizing it?—A. Those transactions were not put up to me to pass.

Q. But you were told about them, so Mr. McDonald says?—A. Afterwards he would tell me that he held a cheque.

Q. Is that all he would tell you?—A. That was all.

Q. Nothing else?—A. Nothing else. I had no knowledge.

Q. He would not tell you anything else except that he held a cheque?—A. He might tell he was doing work for the Department several times.

Q. Who?—A. Mr. McDonald, he might say that.

Q. Yes. He might say something else. When we get to the region or realm of might be's we go on skates.—A. I have not seen Mr. McDonald very often. Sometimes two weeks, three weeks elapsed between the time I saw him.

Q. Two or three weeks?—A. Yes.

Q. That is not long.

Hon. Mr. Cassels:

Q. What you mean is, when he told you about these loans to Mr. Harding he told you at the same time he was doing work for the Department?—A. Maybe not at the same time.

Q. About the same time?—A. He might say he had a job with the Department.

Q. And therefore that was the reason for lending the money?—A. Not any connection; the two might not come together.

Q. They might not come in the same conversation, but is it not a fact that you understood, just as well as he understood that the reason moneys were advanced to

the agent was because the company had transactions with the Marine Department?
—A. No sir, I could not say that.

Q. Will you swear you did not think to the contrary?—A. That I did not know that was the fact?

Q. Yes.—A. I can say to the contrary.

Q. That you did not connect the two together?—A. Yes.

By Mr. Watson:

Q. Mr. McDonald says the Board was kept in touch?—A. The Board only meets once a year.

Q. Once a year is a meeting. That would make it the more important when you met.

By Hon. Mr. Cassels:

Q. I rather gathered Mr. McDonald meant the board was composed of very few men, but they were always meeting one another?—A. The board never met. I used often to have conversations.

By Mr. Watson:

Q. Now, let us see the account with Mr. Harding there?—A. There is no account.

Q. No account? You don't mean that surely?—A. I do.

Q. Well, let us see your system of bookkeeping. Which company does this belong to?—A. V. S. White & Co.

Q. Where is John R. Moore's, in this book (indicating), do you mix them up?—A. Yes, sir.

Q. All four companies?—A. No, just one company.

Q. This is V. S. White & Co., and also J. R. Moore & Co.?—A. Yes, sir.

Q. In one book?—A. Yes, sir.

Q. And are these partnership or individual transactions?—A. These are partnership.

Q. Everything in this book?—A. Everything in that book.

Q. I see. Where is your individual account?—A. My own personal account?

Q. Yes. Harding, anything there with Harding?—A. No, sir.

Q. Then John R. Moore, 534. You have a pretty long account, John E. Moore?
—A. Yes, sir.

Q. This starts when?—A. January, 1905.

Q. You did not bring it for 1904?—A. Yes, sir.

Q. An earlier book?—A. There are more books there.

Q. Then whom did you charge up these transactions with Mr. Harding to, to John E. Moore or Dr. White?—A. Look at these cheques.

Q. Never mind the cheques. I am just speaking of the books. Whom did you charge those up to?—A. To myself.

Q. Any of them to Dr. White?—A. No, sir.

Q. Well, where are the entries of V. S. White & Co.? Is this a V. S. White account?—A. Yes.

Q. This is the firm of V. S. White?—A. There is no account.

Q. But there is a business of V. S. White?—A. Yes. That is the stock account.

Q. What do you mean by stock account?—A. The stock or capital account, that is my private account.

Q. This is John E. Moore's?—A. Private account.

Q. With whom?—A. V. S. White & Co.

Q. Now, where is the first transaction in that account starting from January, 1905; where is the first entry with Mr. Harding?—A. There is no entry.

Q. No entry anywhere in this book? You have not gone over the several pages?
—A. I am pretty sure.

Q. Give me the book that contains the entries?—A. That is the cheque book.

Q. I want the cheque book. You do not call that a book, hardly?—A. Personal account.

Q. Where is that?—A. Ledger, personal.

Q. That is it?

By Hon. Mr. Cassels:

Q. Is this promissory note a settling up of accounts?—A. That was a balance of loan.

Q. Is it a settling up of accounts?—A. Yes, sir.

Q. How far?—A. That was one account, a balance of a loan which was originally \$2,500.

Q. It just represents a balance of that individual loan?—A. Yes.

Q. Commencing when?—A. That is——

Q. You have not discounted the note?—A. We have this account here.

Q. You have not discounted the note?—A. No, sir.

By Mr. Watson:

Q. Then do I understand you are a money lender?—A. I loan at times, yes, sir.

Q. Without getting security, I mean? Of course, I know lots of people lend on security, but they generally want pretty good security. Do you lend money on promissory notes?—A. Yes, sir.

Q. To anybody who wants money?—A. I am not a money lender, but I loan it to oblige people.

Q. So anyone you know who wants money you are in a position to lend to them on a promissory note?—A. No sir, I could not say that.

Q. Well, you do that kind of business?—A. I do at times.

Q. Well, I would think you would have a pretty good demand on you to-morrow. How long have you been, as you say, lending money to Mr. Harding, how many years, beginning in 1904 when the transaction started?—A. No sir; I think in 1906.

Q. In 1906 it began?—A. I could not state positively.

Q. It may have been in 1904?—A. I do not think so. It may have been.

Q. It may have been, I see. And it was in 1904 the business began with the department?—A. Yes, sir.

Q. And Mr. Harding, you know, was the agent of the department at a salary of \$1,800 or a couple of thousand dollars a year?—A. I didn't know what his salary was.

Q. You knew it was a comparatively small salary?—A. Oh yes.

Q. He is not engaged in any other business?—A. Not that I know of.

Q. You never heard of him having any other business or business transactions? A. No, sir.

Q. He is solely confined to acting as agent and giving orders to merchants that was his business as far as you knew?—A. As far as I knew.

Q. And knowing these things, I suppose that had considerable to do with these personal transactions?—A. I would not say that.

Q. Eh?—A. I would not say that.

Q. You would not say that, and you would not say other than that?—A. I think if I had been doing no business with him and he asked me to accommodate him, I would have accommodated him.

Q. Eh?—A. Had I been doing no business with the department and he had asked me for accommodation——

Q. \$2,500?—A. Yes.

Q. Without security?—A. Without security.

Q. You would do that just from your own free will and good nature?—A. Yes.

Q. Although he was on a small salary, but without any consideration at all. If he wanted to borrow \$2,500 you are the man?—A. I would loan it to him.

Q. Eh?—A. I would.

Q. You would give it to him?—A. I would.

Q. I suppose then you must have a large business of lending?—A. No.

Q. How many others are there of the same position in your business like Mr. Harding getting \$2,500?—A. I have—

Q. I do not want any other people's business, but if you would just write out the names of a dozen or so, we just want to see how many others to a similar extent there are?—A. For that amount, you mean?

Q. Yes, large amounts like that. \$2,500 is a large amount as a loan on a promissory note I should think.—A. Do you want to know?

Q. I want the names there, but we will not make them public.

Mr. WATSON.—I am saying this with your lordship's concurrence I assume.

Hon Mr. CASSELS.—Yes. I think Mr. Moore will tell you.

Q. What I would like to know is this: Do you consider it proper in your dealing with the agent of the Marine Department, who has it within his power at all events to recommend orders, who has it within his power to reject and who has power to dock your accounts, do you consider it a proper thing to be lending him money?—

A. Perhaps, your lordship, if I explain to you—

Q. Do you really think that is proper?

By Mr. Watson:

Q. Yes or no.—A. I might say, if you will allow me, I am a personal friend of Mr. Harding's.

By Hon. Mr. Cassels:

Q. I am just asking you the question. A man may go on not realizing there is anything improper at the time, what may seem to him now as very improper may not have seemed to him so at an earlier date, but I want to know if the head of the department here, who has control of the orders, the checking of the accounts, the approval of the lumber furnished, do you think it is a proper thing to be lending him, a man on a salary of \$2,000 a year, sums of money to keep things going nicely and smoothly? Would you like to pledge your oath on that?—A. Well, if you look at it in that way I don't suppose it was.

Q. That is the way I look at it. That is what it comes down to.

By Mr. Watson:

Q. I think you said business is business. Have you written them out?—A. No.

Q. I want to know as much as you can verify in your books?—A. Yes. Well, I could verify this.

Q. How many more can you verify in your books? Write them down so I can see.—A. I cannot, but I have notes. I can figure notes the same as that.

Q. How many notes?—A. Two.

Q. Oh, I see, two others in the city of St. John that you have loaned money to?—A. Two that I hold no—

Q. I see, that is the extent of it?—A. Yes, sir.

Q. Then you do not do that kind of business usually?—A. Well, I have done a great deal.

Q. Two others at all events you have now. That is it. And that has been going on, started in 1904—how much money did you lend him in 1904, about the total amount?—A. I cannot say.

Q. Well, about?—A. I would cash a cheque and hold it.

Q. Tell me how much money you loaned him in 1904, the total amount of transactions on loans, \$10,000?—A. No, sir.

Q. May have been that?—A. No, sir.

Q. Well, how much then, \$5,000?—A. I don't think in 1904 there was any.

Q. You don't think so; you are not sure?—A. I am not sure.

Q. Come down to 1905—\$10,000 that year?—A. No, sir; I would say not half of that.

Q. Not half. Would you say \$5,000, it might have been about that. ch?—A. I would not think it would exceed \$3,000.

Q. You would not think it would exceed \$3,000. What did he, as agent of the Marine Department, do with that \$3,000?—A. That would be at different times. You asked me the total transactions.

Q. I know.

Hon. Mr. CASSELS.—He does not mean at one time, \$3,000 was lent.

Mr. WATSON.—No, the total transactions.

Hon. Mr. CASSELS.—It only ran to \$500 or \$300 loans.

Mr. WATSON.—Yes.

Q. But I mean what did he require advances to the total extent of \$3,000 off and on for during that year?—A. I could not say.

Q. You never asked any questions?—A. Never.

Q. He gave you cheques?—A. Yes, sir.

Q. Payable to your order?—A. Cash.

Q. Oh, that is Mr. Cash again?—A. Yes.

Q. And you gave cheques payable to his order of course?—A. In some cases.

Q. Yes, and others?—A. Cash, in some cases cash itself.

Q. I see, in some cases you gave him cash?—A. Yes.

Q. What would be your reason for making out a cheque payable to cash? When Mr. Harding came to you to get money you knew his name very well, why not write out the cheque to Mr. Harding instead of cash? You are close and accurate?—A. I make a great many of my cheques payable to cash.

Q. I did not ask you that. Why would you not in a case of that kind for a specific particular purpose and a particular man, why would you not write out the cheque payable to his order?—A. I did at times.

Q. But why at other times write it out payable to cash? It was just to cover up?—A. No.

Q. Just to be plain, you could not say it was, you could not say it was not?—A. I would give many cheques payable to cash.

Q. Never mind about that.—A. I will say this, it was not for the purpose of covering anything.

Q. Why make it for cash?—A. That is a customary way, I make my cheques customary that way.

Q. You make your cheques customary that way?—A. Yes, sir.

Q. I see. That is just a case where it is important to keep a record. If anything happened to you, who could trace it?—A. I have his cheque for the same amount.

Q. I know you may have, but that cheque may not be any good when you get it—you knew it was not any good?—A. He always paid.

Q. But you knew there were no funds for it?—A. I know the day I took it.

Q. And you never asked what he wanted the money for?—A. No, sir.

Q. And you used to get orders from him?—A. Yes, sir.

Q. Sometimes he gave you cheques?—A. I could not say that as to the same time. I am under the impression it was not.

Q. About the same time, all running matters?—A. Well, business with the department ran over the year, every month.

Q. And his ran over the year pretty well?—A. Yes.

Q. The two accounts ran side by side, apparently?—A. Yes.

Q. How did you enter these books—have you got them here yet?—A. No, they will be here in a moment.

By Hon. Mr. Cassels:

Q. Have you anything to show those cheques were not taken up by the proceeds of the new cheques you gave him?—A. That is, he would use my second cheque.

Q. He would give you a cheque payable to cash, dated, he would pay that two months later. Was that paid out of the proceeds of another cheque you gave him from time to time?—A. No, my recollection is not.

Q. Have you any trace of that in your books?—A. There is some record there. Mr. WATSON.—What is that?

By Hon. Mr. Cassels:

Q. What I want is this: If there had been a running account between the agent and this gentleman, Mr. Moore—now he says that Mr. Harding took up his cheque from time to time—what I want to get from him is whether he has anything to show those cheques were not paid out of the proceeds of the new cheques he gave to Mr. Harding from time to time and gradually increased until there was left a balance of \$1,250?—A. That was not.

Q. I would like to get the facts.

By Mr. Watson:

Q. We cannot get that until we have the books?—A. Your lordship, that original transaction was \$2,500, that note which you hold now was paid down with interest.

By Hon. Mr. Cassels:

Q. I would like to see whether or not any of those cheques were paid out of his own bank account, or whether they were not paid out of the loan you gave him from time to time?—A. Part of the cheques I held were paid in cash.

Q. I understand that, but at the same time did you not give him a further cheque?—A. To the best of my recollection, no.

By Mr. Watson:

Q. Here are the books now. Take first 1904. Have you got an expense account?—A. Yes, sir.

Q. This is in connection with what business?—A. J. E. Moore & Co.

Q. Is that a large company?—A. They do quite a large business. That is my personal account.

Q. Yes, this is your personal account. This contains an entry of the credit to you in 1905 and 1906 of a salary by the company to you?—A. Yes, sir.

Q. Well, this is 1905; where is 1904?—A. This does not start at that time.

Q. Where is your account for 1904?—A. That is another book.

Q. Bring them all at the same time, please. I want to see the account where the items of this kind would be entered. You are not sure whether there were transactions in 1904 or not. Now, in what account could those entries appear, if they took place? Have you got an expense account, a business expense account?—A. Yes.

Q. They might appear in that. You knew they appeared in the business expense account of the Iron Works Company?—A. I did not.

Q. Eh?—A. I cannot say I did.

Q. You cannot say that you did. Oh, I see. Well, let us get on to something you can say. Now, this is John W. Moore. Where does this start? This is 1900, that is with whom?—A. V. S. White & Co., personal account.

Q. Have you looked over this?—A. No.

Q. Is there anything in that?—A. I am satisfied there is.

Q. You have not looked over it?—A. No.

Q. Then, where is the expense account? Is it possible you would not keep any record of transactions of this kind?—A. I have kept no record of my transactions with Mr. Harding.

Q. Oh, you have kept no account of your transactions with Mr. Harding?—A. Because they were short loans.

Q. Because they were short loans. They run along sometimes for six months?—A. Yes, sir.

Q. Yes, sometimes for six months, sometimes for a year. Try and think, now please?—A. I think in one case for a year, or very nearly.

Q. And still Mr. John E. Moore kept no account of these things in his book, no body could find any trace of it in his book. That is right, is it?—A. That is right.

Q. That is out of the ordinary business course, is it not?—A. I would hold a cheque—

Q. I did not ask you about holding a cheque.—A. It was a personal matter.

By Hon. Mr. Cassels :

Q. Mr. Moore, if that cheque happened to be destroyed and you happened to die how would it be traced?—A. It would not be traced.

By Mr. Watson :

Q. Now, you have made your own money by hard knocks?—A. Yes.

Q. You don't give it away or play with it?—A. Well—

Q. Then for business purposes, is not that right?—A. That is right.

Q. Business is business, you said to me. And you keep no record whatever of this account with the agent of the Marine Department. That is right, is it?—A. There is some record there.

Q. Let us see where the record is, let us see when that was made and for what purpose that was made. There is nothing there in that book at all?—A. No.

Q. Then, how can I find out the number of the transactions in 1904, is that guess work?—A. I could not give it to you.

Q. You could not give it to me. You could not estimate it at all?—A. My impression is there was nothing in 1904.

Q. But you could not be sure about it?—A. No.

Q. And you could not estimate the number of transactions in 1905?—A. No, sir, I could not.

And you could not estimate the number in 1906?—A. I could not, no, sir.

Q. And the same in 1907, and the same in 1908?—A. Well, I think 1908 I could, that is getting a little nearer.

Q. Nearer in 1908?—A. Yes.

Q. But that is the way it ran between you and him?—A. Yes.

Q. And nobody, not even a book-keeper, could trace up the proceedings with Mr. Harding?—A. That is right.

Q. And yet there was nothing secret about it. Is that the right course? There was nothing secret. Is there any other person you had an account with in that condition?—A. I often cash a cheque?

Q. I did not ask you that. Is there any other person you had transactions with in St. John with whom the account is in that condition in your books?—A. No, there was not.

Q. No one else in St. John. Now, then, what were you going to say about the record you had, what date is that?—A. 1908.

Q. This is November 21st, 1906; is it not?—A. 1905.

Q. Look at the date?—A. 1906, yes.

Q. November 21st, 1906. A cheque, F. J. Harding. What is that written after that?—A. Cash folio.

Q. Then let us see that cash folio. \$480?—A. Yes sir.

Q. Now, that is one cheque. What about the other cheques, where do they appear for 1905?—A. I could explain that cheque.

Q. I did not ask you to explain this. Where is the entry of the others in 1905?—A. There is none.

Q. Eh?—A. 1906?

Q. 1906; where are the others for 1906?—A. There are no entries.

Q. I see. You enter one and do not enter others? You have already told us there was a large number?—A. There are no entries.

Q. I see. You enter one and do not enter others?—A. I can explain that one.

Q. Can you explain not entering the others?—A. In cases I gave him money personally, perhaps cash or a cheque.

Q. That would be the greater reason for making an entry when you gave a man cash?—A. He gave me his cheque.

Q. I know. But what is the explanation for entering that one?—A. I was away at the time.

Q. Oh, I see, you were away at the time. Who did that?—A. My partner in the office.

Q. What is his name?—A. Wilson.

Q. Mr. Wilson. I have not heard of him before. Which firm is he in?—A. J. E. Moore & Co.

Q. Oh, I see, that is an incorporated company?—A. Yes sir.

Q. Mr. Wilson gave it. That was under your direction, was it?—A. Well, he knew I had an account with him. I was away at the time. I gave no instructions.

Q. But he knew the kind of business you had been doing with Mr. Harding?—A. I presume he did.

Q. And then he continued just in the same line?—A. That one transaction.

Q. And he made an entry?—A. No, the book-keeper made the entry.

Q. That was during your absence?—A. Yes.

Q. So that one entry which appears in your books was made in your absence?—A. Yes.

Q. When you were present at home no entry was made?—A. Yes sir.

Q. That was quite a mistake making that entry, of course. Now then, coming down to 1907, have you got any entries there for that year 1907? Let us see 1907, Of course, there are none I think you said there are not?—A. There is.

Q. His name does not appear there?—A. It starts there.

Q. Cheque on account January 7, 1907 \$350?—A. Yes sir.

Q. That is charged to yourself?—A. Yes, sir.

Q. Then what is the next entry of your cheque on account?—A. That is for a return.

Q. The next one is a cheque on account \$2,000?—A. That is my own.

Q. Then any other cheques on account? \$2,500 these run up?—A. \$2,500 is a loan.

Q. October 16, 1907, to cheque on account \$2,500. Let us see that cheque.—A. It is right there.

Q. Cheque on account \$2,500 that is the cheque to himself, is this it? (Producing.)—A. Yes.

Q. That is a cheque signed by J. E. Moore & Co., per John E. Moore, secretary-treasurer, payable to yourself?—A. Yes sir.

Q. Payable to your own order for \$2,500, and this is John E. Moore & Co.?—A. That is my private account.

Q. With John E. Moore & Co.?—A. Yes, sir.

Q. So you were debited with \$2,500?—A. That is right.

Q. Now then, where is the cheque you gave to him?—A. I think you will find it here. (Indicating.)

Q. I do not yet. Yes, J. F. Harding, \$408. That is not anything like \$2,500?—A. No sir.

Q. Try again.—A. That is a cheque he gave me.

Q. Yes?—A. Oh, I beg your pardon. There is the \$2,500.

Q. That is a cheque to you, that is not any good to you?—A. I passed it over to him.

Q. You endorsed this and handed it to him?—A. That is right.

Q. His name does not appear upon it at all?—A. No.

Q. Eh?—A. No sir.

Q. And did you take any receipt from him at that time?—A. I think a note for \$2,500.

Q. Where is the note?—A. The balance of it—

Q. Where is the note?—A. The note was paid, \$500 was paid and renewed.

Q. Where is the original note for \$2,500?—A. I suppose he has it in his possession.

Q. Do you think he has?—A. I don't know.

Q. Did you give it to him?—A. Yes.

Q. The \$2,500?—A. Yes.

Q. What was on the face of the note?—A. Four months, the same as that note, with the exception of the amount.

Q. Eh?—A. Four months note for \$2,500?

Q. Nothing about interest?—A. No sir.

Q. Eh?—A. The interest was paid afterwards.

Q. He could pay his interest or not as he liked, is that right?—A. There is a memorandum.

Q. I did not ask you about that. He could pay it or not as he liked?—A. No sir, he was to pay.

Q. He was to pay interest on this \$1,800?—A. It was paid at renewal.

Q. How much did he pay you?—A. There is a memorandum there.

Q. How much did he pay you at that time?—A. \$200 on the note and \$45 interest.

Q. \$200 on the note. That does not make \$2,500?—A. The first time it was \$500 and the interest.

Q. What did he give you then?—A. Cash.

Q. Let us see the entry of the cash?—A. There is no entry.

Q. No entry of the cash. Do you mean to say you got \$500 and made no entry of it?—A. No sir, a personal matter.

Q. Do you keep your own books in a business way?—A. There is no entry.

Q. What would that do, go in the pocket and drop through?—A. I don't know what I did with it.

By Hon. Mr. Cassels:

Q. Does your bank book show the deposit?—A. No, sir, I did not—

By Mr. Watson:

Q. You did not deposit it and you cannot tell. Now, then, Mr. Moore, how much of that \$500 did Mr. Harding get?—A. He paid me \$500 in cash.

Q. Yes; when did he make the payment?—A. At the due date.

Q. Just let us have the circumstances. A man would not receive \$500 in cash without having a pretty good memory about the occasion. Where were you in the first place?—A. He sent it to my office.

Q. He sent it to your office, \$500 in bills?—A. Yes, sir.

Q. Where was that?—A. At the due date.

Q. Have you any idea when that date was?—A. Four months after the date of the cheque.

Q. As a matter of recollection can you form any idea now?—A. No, I can only trace it from the fact that it was four months after the date of the cheque.

Q. Whom did he send with it?—A. I don't remember.

Q. Give us the man or somebody he sent the \$500 cash by. What was the denomination of the bills?—A. I cannot say that. I think, if my recollection serves me the bills were large.

Q. You think they were large?—A. Yes sir.

Q. What bank do you know?—A. I think it was the Bank of Montreal.

Q. You think it was the Bank of Montreal, but you cannot say whether it was the book-keeper or who it was brought it?—A. No, sir.

Q. He may have been a stranger?—A. I cannot say who it was.

Q. What did you do with that \$500?—A. I think I put it in my pocket.

Q. And did you make any entry of it in any way?—A. No sir.

Q. Nowhere at all. Did you receive any other money that day?—A. From him?

Q. From anybody?—A. Well, I cannot say whether I did or not.

Q. Did you receive any money from anybody else that you did not make any entry of that you recollect?—A. I did not.

Q. You did not. No such condition of affairs with anybody else of no entries being made?—A. I have no recollection of any other that day.

Q. Well then, when next did you get money from him—that was \$500, when next?—A. Four months after the note matured again.

Q. Can you tell when that was?—A. That would bring that date eight months from that.

Q. But how long ago was that, can you form any idea, the middle of last year?

By Hon. Mr. Cassels:

Q. February, 1908?—A. The due date of the first note would be February.

By Mr. Watson:

Q. I am asking you as a matter of recollection.

By Hon. Mr. Cassels:

Q. The first due date was October 16, 1907, and it would come due about the middle of February, 1908?—A. Then the next payment was four months after that.

By Mr. Watson:

Q. When did you get the money?—A. On the due date of the note. Pardon me, if you will allow me to refer to the memorandum.

Q. I am trying to test your memory.—A. On the second time the note was renewed at the office and the interest paid, but there was a cheque which was paid. I was holding a cheque which was paid.

Q. A cheque for the same amount?—A. No, sir, the cheque was \$470.

Q. What had that do do with the note?—A. Nothing to do with the note, outside of the note.

Q. There were other matters outside of the note?—A. That matter at that time.

Q. Then when did you get the next money from him?—A. On the note?

Q. Yes?—A. The 4th November.

Q. Do you mean this month?—A. Yes, sir.

Q. Where did you get that?—A. It was sent to my office.

Q. By whom?—A. By the messenger, I think.

Q. Do you mean Mr. Allen, the messenger?—A. It was somebody from the department, I cannot say positively.

Q. Cannot you tell?—A. I think it was Mr. Allen or Mr. Brown, it was either the janitor or Mr. Brown.

Q. Just \$200 even?—A. Yes, sir—no, sir, \$245.

Q. Eh?—A. \$245.

Q. What did you do with the money?—A. Put it in my pocket.

Q. Make any entry of it?—A. No.

Q. No entry of that either. That was just a few days ago, a couple of weeks ago; did you deposit that in the bank?—A. No, sir.

Q. You cannot explain that, I suppose?—A. Well, I kept the money and used it.

Q. Eh?—A. I kept the money and used it.

Q. So much in, I see.—A. I think I have some of it in my pocket now.

Q. Why did you not deposit the \$500 in the usual way?—A. It was a personal matter.

Q. Oh, a personal matter—bless my soul, your salary is a personal matter?—A. Yes, sir.

Q. You get a salary, that is deposited?—A. I have no personal bank account.

Q. You have no personal bank account; what becomes of your moneys?—A. Well, I draw money as I want to use it.

Q. Then all your moneys are in the different firms?—A. When I want money I draw it.

Q. And you leave everything in the firm?—A. I keep no personal account.

Q. And that is the reason, is it, you did not repay it into the firm—why not pay it in to the firm?—A. It was my own.

Q. Under those circumstances you would not pay it back?—A. Not at all.

Q. You are quite sure?—A. Not at all.

Q. Why did you pay back the \$350 entered there?—A. It was credited to my own account.

Q. And paid back. Why pay it back that time?—A. I had no use for it.

Q. You got \$350 and paid it back to the firm?—A. To my own personal account.

Q. To the firm.

By Hon. Mr. Cassels:

Q. The firm kept your personal account?—A. Yes.

Q. Then you paid that money into your personal account with the firm?—A. Yes.

Q. Why did you not make your own payment in the same way?—A. I suppose—

Q. You have part of that in your pocket now?—A. Yes.

Q. We had better have that marked as an exhibit.

By Mr. Watson:

Q. Why not pay that in in the same way as the \$350?—A. I had no use for the \$350.

Q. No use for the \$350 at that time?—A. No, sir.

Q. Of course, you knew when you say you got the note for \$2,500 that probably it would be years before he would repay it, you knew that, did you?—A. No, sir, I did not.

Q. Eh?—A. I did not. He has paid.

Q. Probably it would be years before he would repay the whole amount, you did not know that?—A. No sir, I did not.

Q. You expected the whole amount to be repaid at maturity?—A. I cannot say I expected.

Q. What did you know?—A. He was to pay \$500 at maturity, which he did.

Q. Oh, I see, he was to pay \$500 at maturity. Well, then what?—A. The second time it was due he—

Q. What was he to do?—A. There was nothing said except \$200, he paid \$200.

By Hon. Mr. Cassels:

Q. Do you know what he intended to do with the \$2,500?—A. No, sir.

Q. Had you any idea whether he was speculating in stocks?—A. No idea.

Q. You knew what his salary was?—A. I did not know exactly what it was.

Q. You expected he would pay it out of what—a man must live?—A. I did not ask any questions.

Q. I know. But you are a sensible man—a man with a salary of \$2,500 has got to keep up his house, how could he repay \$2,500?—A. He told me he would repay.

Q. You knew the circumstances, how did you expect he would repay it?—A. He said he would repay \$500 at maturity; he did.

By Mr. Watson:

Q. That is all you cared for at that time?—A. That was the agreement.

Q. Nothing said about when the balance would be paid?—A. No, sir.

Q. I see. And there was no one else in the same position, as you say, as Mr. Harding, and no one else as to whom and whose transactions there was an absence of entries in the books, that you have already said?—A. I have already said.

Q. And that these transactions directly and indirectly were connected or arose out of the relations with the Marine Department: That is right?—A. I could not say that, Mr. Watson.

Q. You could not say that, that is something you do not want to answer?—A. No, sir, I have no desire to evade the answer.

Q. But you could not give a direct answer to that, you prefer not to?—A. Apart from the Marine Department, I might say I would have loaned him money. Had he asked me, had I been doing nothing.

Q. You would not have loaned him money to the extent you did?—A. I would.

Q. Without any security whatever?—A. Without any security whatever.

Q. How do you know you would?—A. I—

Q. You did not do it to anybody else?—A. I think I have.

Q. Well, you mentioned two others?—A. I would have loaned it to him apart from any business with the department.

Q. You would have loaned it to him apart from any business with the department?—A. Yes.

Q. You would have?—A. Yes.

Q. Not to make matters smooth and easy?—A. No, sir, I swear positively I would you have loaned it without consideration in regard to the business I was doing with the department.

Q. Did you have in mind that you were getting business from the department through him?—A. I cannot say that I called it to mind at the time, but I knew.

Q. Had you that in mind at the time?—A. No, sir.

Q. Was that entirely absent from your mind at the time?—A. I would say it was.

Q. You would say it was entirely absent from your mind at the time. I see. That never entered your thoughts or your mind?—A. No.

Q. You had forgotten all about the business transactions with the department?—A. I could not say I had forgotten, but that did not enter into the loan at all.

Q. But had you forgotten about it? You had either forgotten about it or it was present to your mind?—A. I did not connect the two together.

Q. Oh, no, they may connect themselves, you know; you don't have to connect them. Had you forgotten about the business transactions with the department?—A. I could not have forgotten them.

Q. You could not have forgotten them; I see. And your partner could not have forgotten them? Did your partner know you were lending money?—A. I cannot say that he did.

Q. He must have known, you have transactions by him there?—A. I may state to you this; there was nothing supplied by this firm to the department.

Q. I am not speaking about that. Your partner knew that you were lending money?—A. Of course he did.

Q. Of course he knew about that. And the same partner was interested in the other companies?—A. No, sir.

Q. No, sir?—A. Which, Mr. White, Mr. Wilson?

Q. Mr. Wilson was not? Is he in the iron company?—A. No, sir.

Q. He is not there?—A. In no other company.

Q. He does as you ask him?—A. He is one.

Q. Of the junior partners?—A. He is one of the officials of the company.

Q. I see, you are supreme there?—A. I cannot say that.

Q. There is a good deal you cannot say, I find. What is this?—A. The stubs of the cheque-book.

Q. This cheque-book belongs to what firm?—A. J. E. Moore & Company.

By Hon. Mr. Cassels:

Q. Mr. Moore. I quite understand a man lending a friend \$2,500 if he was a friend, but I cannot understand it unless some reason was given what the loan was wanted for. Now, was there anything talked of between you and Mr. Harding why he wanted the money?—A. No, sir, there was not.

Q. You just simply loaned it to him?—A. He asked me if I would accommodate him.

Q. That was all?—A. That was all.

Q. No explanation of what it was for?—A. No, sir.

By Mr. Watson:

Q. And when you were doing that had you forgotten about the transactions with the Iron Works Company, or did you have those in mind?—A. I am sure I did not have them in mind.

Q. Had you forgotten about them?—A. I did not connect it with the Iron Works at all.

Q. You don't now, you mean?—A. Or did not at the time.

Q. You see they are very easily connected now, are they not, Mr. Moore?—A. I cannot see it that way.

Q. Now, have you any other books that throw any light upon the matter?—A. I have books here with all the supplying to the department, if you wish to look at these.

Q. Yes. For the supplying. But have you any other books that throw any light upon the matter with Mr. Harding?—A. No, I have not.

Q. Not at all. This is a cheque-book of the John E. Moore Company?—A. Yes, sir.

Q. I see. What other officials did you see sometimes?—A. In that department?

Q. Yes.—A. Mr. Kelly at times.

Q. Mr. Kelly. Who else?—A. I think that is the only one.

Q. Just try to think. Did you lend him money?—A. No, sir.

Q. Did he get any money?—A. From me?

Q. Yes?—A. No, sir.

Q. From the firm?—A. No, sir.

Q. From the company?—A. No, sir.

Q. Why not, did he ask for it?—A. Never.

Q. I see. And who else, any other officials?—A. No, sir.

Q. Did any other officials ever ask for it?—A. No, sir.

Q. Then Mr. Harding is the only one who asked for favours?—A. Yes sir.

Q. You were giving him favours, were you, was it a favour to him?—A. I presume it must have been.

Q. Is that the only thing you can say, that you presume it must have been?—A. Accommodation.

Q. Cannot you say yes or no? However, that is your answer, you presume it must have been a favour. Then there is no doubt that during this period you were giving to him personal favours during 1904-5, 6, 7 and 8?—A. I was loaning him money.

Q. Personal favours to him?—A. You might call them personal favours.

Q. I might call it—well, how do you want to call it?—A. I call it an accommodation.

Q. If you see a spade what would you call it?—A. A spade.

Q. I should say so. That will do for the present I think, Mr. Moore.—A. Mr. Watson, will you require these books again?

Q. Well, I will want to have a look over them after his lordship rises for a little while. You see, we did not see them before.—A. I should like to have them at the office. It is inconvenient to have them here, we are using them in the office.

Q. The difficulty, you see, is that there is nothing in the books.—A. No sir, there is nothing in them.

(Witness's three cheques, Wilson's cheque and Harding's note marked Exhibit 246.)

WILLIAM J. VROOM recalled.

By Mr. Watson:

Q. You have got your books, have you?—A. I have, sir.

Q. Now, let us see the account of Mr. Harding, if you please?—A. (Produces books.) These are 1904, 5, 6, and 7.

Q. 1904?—A. Here.

Q. J. F. Harding, 1904—when did it start?—A. 1904.

Q. Did it exist before that time?—A. Oh, yes.

Q. When before, how long has it been going on?—A. I could not tell you, I can tell you from the books.

Q. How long has your business been going on with the department?—A. I could not tell you that.

Q. About the same time, I suppose?—A. I can only tell you what is here.

Q. This is 1900?—A. Yes.

Q. Have you got his account there?—A. No, this is individual.

Q. Individuals, and he appears here?—A. Yes, that is \$250.

Q. July the 6th?—A. July, 1908.

Q. July 6, 1908, \$250?—A. Paid July 25.

Q. Let us see where the next one is down here?—A. 22nd of August.

Q. Yes. Where is the next one down here?—A. 21st September.

Q. And what is the next one, the 12th of October?—A. The 12th of October.

Q. When is the next one—that is over two pages, this is rather frequent—the next one is December 13?—A. \$200.

Q. Yes. Where is the next one?—A. April 10.

Q. April 10, \$250. They seem to run all the way through. Then the next one for \$110?—A. June.

Q. The next one is June again?—A. Yes.

Q. June 29, \$130?—A. Yes.

Q. They seem to run all the way through?—A. Yes.

Q. July 3, \$130, and August 22, \$225?—A. Yes.

Q. What is this, a loan account?—A. No, a balance account.

Q. A balance account?—A. Yes.

Q. What is this in connection with?—A. Our business.

Q. Coal business or marine insurance?—A. With our general business.

Q. Well, but did you keep a separate account for the insurance business?—A. Yes, sir.

Q. Where is that?—A. In our office.

Q. Does his name appear there?—A. No.

Q. How do you happen to remember?—A. Because I know.

Q. You had no insurance with him?—A. No, I did not do any insurance business with him.

Q. And is this the coal account?—A. No, this is the general business account.

Q. You had no coal book account?—A. No, it is all embraced in this.

Q. And this includes for the most part receipts for insurance?—A. No, no insurance at all, no marine insurance; I guess the fire insurance is in there.

Q. What else is there besides fire insurance?—A. All our business we do is embraced in that book.

Q. But I thought your business was fire insurance and coal. Is there anything else?—A. Yes.

Q. What is it?—A. I don't remember particularly, I cannot tell you any more than what is there.

Q. Wait, please. What other kind of business do you do than marine insurance and coal for the department?—A. Coal for the department, coal for other customers.

Q. Yes, you said that was comparatively small?—A. I said it was for the last year or so.

Q. Well, what other kind of business was there?—A. We sell a great deal of calcine gypsum plaster.

Q. Now the coal accounts do not appear in this book. Do the gypsum accounts appear here?—A. Did I say coal accounts?

By Hon. Mr. Cassels:

Q. I understood they did appear there.—A. Yes.

By Mr. Watson:

Q. Do the coal accounts appear there?—A. Yes, everything but our marine insurance appears there. The marine insurance is in another set of books altogether, which do not belong to us, but to the Boston Insurance Company. This is our book exclusively.

Q. Hold on. Then this is the book that is supposed to contain everything, is that right?—A. Except the marine insurance.

Q. Now then, this runs along until what time?—A. Until the end of 1897.

Q. In 1897?—A. The end of 1907.

Q. Where is the other book you showed me with the account?—A. What book?

Q. I thought you showed me another book with an account of Mr. Harding?—A. No, that is the only book we have.

Q. Where is the account with Mr. Harding?—A. That is it, for one, two, three, four years.

Q. The first entry there is what, what is that?—A. Sundries.

Q. To sundries?—A. Yes.

Q. To sundries, I see. I suppose that would be—A. I can tell you what it is in a moment if you will give me that book.

Q. Can you tell what sundries would be?—A. Yes, exactly.

Q. Why should it be entered as sundries?—A. Because the book-keeper chose to write that word instead of something else. I will tell you what it means in a moment.

Q. I see, sundries?—A. It is not an unusual term in a book. Cash \$95, and cheque \$297, which make the sundries.

Q. Cash \$95?—A. Yes; and cheque for \$297.

Q. \$297?—A. They make \$392, which we loaned to him at that time.

Q. And they called that sundries at that time?—A. Yes.

Q. Why did you give him cash for \$95?—A. Because he asked for a loan and we gave him that.

Q. How do you know it was a loan?—A. Because we never had any other transaction with him.

Q. Where is the evidence of the loan of \$95?—A. Because I say so.

Q. Where is the evidence?—A. Written evidence, there is not any.

Q. There is not any? May 5, 1904, where were you that day?—A. I don't remember.

Q. You don't remember?—A. No.

Q. I think you said you had evidence of it?—A. I say it was a loan, yes.

Q. Well, I want to know what occurred that day?—A. I don't remember.

Q. You don't remember?—A. I know it is in my books.

Q. But there is nothing said about a loan in the books. Show me where it is loan in the books?—A. I say it is. It is not written there.

Q. Then I ask you what took place on May 5, 1904, where did you meet him?—A. I don't remember.

Q. What conversation did you have with him that day?—A. I don't remember.

Q. You don't remember at all?—A. Do you suppose I can remember four years?

Q. You told me you had the evidence?—A. I swear from the record in my books.

Q. But there is nothing to show a loan there?—A. I swear it is so: from the method of keeping the books; we had no other transaction with him; those were all loans.

Q. \$95, who paid him that?—A. I cannot tell you.

Q. You cannot tell?—A. It may have been myself or my partner; it was one or the other.

Q. Where is it here?—A. Oh, I wrote that probably after I gave him—

Q. That is different writing?—A. Yes.

Q. You gave him \$95?—A. I did not say I did.

Q. No?—A. I did not say I did.

Q. Did you get a receipt for it?—A. I probably got his cheque. I can tell you that. Cheque May 5, he got that loan of \$396.

Q. On May 5, what did you get from him?—A. I probably got a cheque from him.

Q. Do you remember what you got from him?—A. No, I don't. It is a matter of so little consequence.

Q. I see you do not remember.

Hon. Mr. CASSELS.—What year is that?

Mr. WATSON.—This is 1904, my lord, the 5th of May, 1904.

Q. Have you got the cheque?—A. \$392, is it?

Q. What is the date of it?—A. May 5. He came in and asked me if I would give him a loan. This is altogether probable.

Q. Never mind about the probabilities. I want the facts—A. The facts are as they are recorded.

Q. I see. What the fact is you do not remember about that now?—A. No, impossible.

Q. Then the next is a cheque \$370?—A. Yes.

Q. Have you any personal recollection about that?—A. No.

Q. No personal recollection about that?—A. No. These were all in one.

Q. Where is this carried forward?—A. The same as there.

Q. 18th December, 1907?—A. Yes.

Q. There is a balance carried forward?—A. Yes, carried forward into 1908.

Q. Let us see that?—A. That is another book. You said you only wanted up to 1907.

Q. I beg your pardon.—A. That is what the document said.

Q. I told you I wanted from 1904 to the present time.

Hon. Mr. CASSELS.—What is the balance?

Mr. WATSON.—\$380 my lord.

Hon. Mr. CASSELS.—Due him from that date?

Mr. WATSON.—A balance of \$300.

By Hon. Mr. Cassels:

Q. Still unpaid?—A. No; everything is paid, he owes us nothing.

By Mr. Watson:

Q. When was it paid?—A. I could not tell you that.

Q. Can you form any idea?—A. Yes, probably within twenty days.

Q. Within the last twenty days?—A. No; within twenty days of the 20th of January, 1908, it was paid.

Q. You swear to that?—A. No.

Q. I only want what you know?—A. I cannot remember such a thing as that. Those entries seldom went over thirty days, sometimes two days. This one was only four days, the first one entered there (indicating).

Q. Let us return to 1904 again. We have it here?—A. Yes.

Q. Where is June, 1904?—A. There (indicating).

Q. Have you any transaction there on the 17th of June?—A. Yes, there it is, \$275 cheque; we got a cheque.

Q. \$275?—A. He gave us a cheque for \$275.

Q. Where are your cheques?—A. Here. Shall I get them out for you?

Q. The accountant will get them out for you. How did you make out your cheque?—A. You will see, cash.

Q. Just the same old cash?—A. The same old cash. What is there crooked about that?

Q. You would think his name was cash?—A. I make them out to other people in the same way.

Q. That is right?—A. It is right, sure.

Q. Then you got cheques payable to cash too, apparently?—A. Yes, it is not an unusual thing.

Q. What did you do with the cheques received from him?—A. Put them in the cash book.

Q. Why not deposit them?—A. It was an understanding; it was a loan.

Q. Did you not deposit the loan moneys to meet the loan with?

By Hon. Mr. Cassels :

Q. It was an exchange of cheques until he was in funds to take it up?—A. Decidedly; the most ordinary business transaction.

By Mr. Watson :

Q. The most ordinary business transaction?—A. Yes.

Q. With a system like this?—A. Yes.

Q. Running from 1904, four or five transactions a month?—A. Yes.

Q. An exchange of cheques?—A. Yes.

Q. That is what you say.

By Hon. Mr. Cassels :

Q. That is what the witness intends to say—I understand that is what you mean?—A. It is.

By Mr. Watson :

Q. Perfectly simple?—A. Absolutely.

Q. Too simple. You have got a fine system here; you separate all into months?—A. Thank you.

Q. Now, let us see the cheques that went to him in June, 1904?—A. June, 1904; let me see?

Q. No, I will look at them?—A. That is right.

By Hon. Mr. Cassels :

Q. Did he pay you any interest, Mr. Vroom?—A. I beg your pardon?

Q. Did he pay you any interest?—A. He did pay me interest on one or two occasions, and then I refused to take any more of it. I might want the same thing myself one day.

By Mr. Watson :

Q. You would not bother him with interest. Did you ever ask a similar favour from him?—A. I think that I have, but I am not quite sure of that.

Q. And sometimes they run along for two or three months?—A. I think that one or two loans have run to the extent of three months.

Q. Three months?—A. Yes.

Q. Now, what about one that went for nine months?—A. No such one.

Q. No such one?—A. No.

Q. Do you mean to say your recollection does not carry you beyond the three months?—A. Yes.

Q. Eh?—A. That is so. I don't think it is possible there is one stood for so long.

Q. Well, there are half a dozen other cheques in that whole month that were marked for cash?—A. Yes.

Q. Let us see them. Now, these are cash ones. There is one small one, \$60; Ewing's name is on the back of it; then there is Mr. Harding's \$275, June 17; June 16 another one for Mr. Ewing. Is he in your employment?—A. No.

Q. Now, there is only one cheque for Mr. Harding amongst those, \$275. Let us look at the book now.

By Hon. Mr. Cassels :

Q. What is your reason for becoming his banker?—A. Mr. Harding's banker?

Q. Yes?—A. I am not his banker; he is a friend of mine.

Q. What?—A. He is a personal friend of mine.

By Mr. Watson :

Q. You are all friends down here?—A. Well, I would not say that, but he is a friend; we have been friends for some time. If he wants a few dollars, \$300 or \$400, I am always willing to lend it him.

Q. I am coming down here to live?—A. We want some one to stir us up here.

Q. Let me see, I have only got the one cheque, \$275, 17th of June?—A. Yes.

Q. Now, you got one from him apparently, \$275, is that right?—A. Oh, I could not say.

Q. Well, you have entered there the cheque?—A. That is a debit. It does not show we got one from him; it shows when he paid it.

Q. Did you get another cheque from him that month?—A. I could'nt tell you.

Q. June 18, \$275—A. June 17, he is charged with \$275, on the 18th he is credited with the same amount. That is altogether the cheque, just as his lordship just says, an exchange of cheques.

Q. That is beautiful?—A. Yes.

Q. What about this cheque of the 17th of June for \$375?—A. What is this?

Q. What is this \$275?—A. \$375.

Q. Beautiful still. Just \$100 in?—A. What have we to do with this?

Q. That is what I want to know?—A. Where did it come from? You did not get it out of my file.

Q. \$375 for the 17th of June. Well, where did the other one come from?—A. I have nothing to do with that, I never saw it or had it.

Q. No, sure about that?—A. Sure.

Q. You don't remember about the \$375 one?—A. No.

Q. We will just leave that to Mr. Harding?—A. Will you see how far you can trace that?

Q. You have not got it in there?—A. No, nor anywhere else.

Q. So that is the way it went, you never charged him any interest except on one or two occasions?—A. Yes.

Q. And meantime you were getting pretty large orders from him as agent?—A. No; from the government.

Q. Oh, from the government, through Mr. Harding?—A. Yes.

Q. And he had more or less to do with these orders?—A. Yes, in transmitting them to us. We got our pay from the head office.

Q. Oh, yes, you did. He certified to the accounts?—A. I don't know whether he does or not. I presume, of course, that he would do so.

Q. So that you knew you were having large transactions with the department through Mr. Harding, you knew that?—A. I knew all that I had there.

Q. And you knew at the same time that you were doing favours to the same Mr. Harding, the agent of the department, that is right?—A. Yes.

By Hon. Mr. Cassels:

Q. Do you think that is proper, Mr. Vroom?—A. I did not think at the moment it was proper. I do not know how, unless there is something illegal in it.

Q. Do you think now it is improper?—A. Certainly not, unless it is illegal.

Q. Don't you think it is open to a good deal of suspicion?—A. It certainly is. It looks here so now. I thought it was no harm for me to lend my friend a few dollars if I could do so without inconvenience to myself.

Q. You do not usually lend to a man who is giving contracts and business accounts?—A. With due deference to your lordship, my contracts were with the head of his department.

Q. That might be, but the recommendation came from him and the certification of the accounts came from him, and it necessarily made matters smooth between you and him. You would hardly think that a correct method?—A. I did not think there was any harm at the time, your lordship.

By Mr. Watson:

Q. Mr. Vroom, what would you do with an employee of yours that did the same thing as Mr. Harding—cut off his head the next day?—A. No.

Q. You would think it perfectly justified?—A. It would depend on the circumstances.

Q. It would depend on his motives?—A. I thought in this case it was perfectly justified.

By Hon. Mr. Cassels:

Q. I think, while your motives might be perfectly correct from not thinking about it, you can hardly think it correct under the present circumstances?—A. I regret it now because it places my friend in a position—however, I have no right to condemn.

Q. It places everybody in an awkward position. It seems to me an utterly improper way of carrying on business.—A. It did not appear to be business—

Q. You were getting orders through the intervention of the agent here, you were depending upon his certifying to the correctness of your fulfilling the contract. You may have acted in perfect good faith, but the temptation was to smooth things over?—A. I admit it, but I did not think it at the time. There is no possible harm came of what I did, because it looked to me as if a loan for a few days until his salary came along or some remittance.

Q. You see, I am here to judge of these things, and to my mind it is utterly indefensible?—A. Yes, but, my lord, it did not appear to me so at the time.

(Adjourned at 5.15 p.m. to 10 a.m. to-morrow, November 25th.)

NOVEMBER 25, 1908. 10.25 a.m.

CHARLES McDONALD, recalled.

By Mr. Watson:

Mr. WATSON.—My lord, I received a telegram late last evening, signed C. Thomson-Schmidt. I suppose that is the same person who was referred to in evidence yesterday, and who has been referred to in evidence on other occasions.

Hon. Mr. CASSELS.—The man who had hot shot in Quebec.

Mr. WATSON.—Yes, my lord, 'Please allow Charles McDonald, St. John Iron Works, to read in Court letter written his firm by me, *re* practically last work I supervised in person. Important.'

(Telegram marked Exhibit 247.)

I spoke to Mr. McDonald about it this morning, and he produced to me a telegram which he also received last evening directed to him. (Reads telegram).

(Telegram marked Exhibit 248.)

Q. Of course, this is the same person you spoke of yesterday as being practically a stranger to you?—A. Yes, that I have met a few times.

Q. Practically a stranger. And the letter of October 31, 1906, which he asked should be read, reads as follows, my lord. (Reads letter marked Exhibit 249.)

Q. That is the letter he refers to?—A. Yes.

Q. It must be some other letter.

Hon. Mr. CASSELS.—No. That is in 1906, that was followed by these gifts.

Mr. WATSON.—Yes.

Hon. Mr. CASSELS.—The gifts were in 1907.

Mr. WATSON.—It was after that the \$50 and the \$100 were given to him?—A. The date is there, the date of the telegram.

Hon. Mr. CASSELS.—The \$100 was given November 12th, 1907, and the \$50 two weeks before.

Mr. WATSON.—Then a letter was written in answer by Mr. McDonald to Mr. Schmidt. (Reads letter.)

(Letter marked Exhibit 250.)

By Mr. Watson:

Q. And have you been thinking over during yesterday afternoon and evening and this morning, the matter of other officials or officers or employees?—A. I have not been thinking it over.

Q. I was in hopes you might by thinking it over say whether or not your recollection would be refreshed as to any others who have been similarly favoured?—A. Any others except I have given evidence of?

Q. Yes; except Morris and Schmidt?—A. No others.

Q. No others?—A. No others.

Q. You seem to be quite firm about that?—A. Oh, absolute.

Q. Then I see a cheque there June 6, 1905, signed by Mr. Harding. Was that received by your company?—A. I don't know. It looks as if it would be.

Q. What would that be for? You see, this is payable to the St. John Iron Works Company, that is the name of your company, \$41.80, J. H. Harding. That seems to have been the regular course, made payable to order in the usual way. How do you account for that being in the name of the company and not cash, the same as the others?—A. I don't know.

(Cheque marked Exhibit 251.)

Q. It may be that that was a regular transaction?—A. It may be.

Q. It may be?—A. Yes.

Q. What was it for, was he getting goods from you, getting material?—A. Personally?

Q. Yes?—A. No.

Q. Did he have any launches or any steam boats, or anything of his own?—A. No.

Q. What?—A. Not that I know of, only the government property.

Q. But anything of his own?—A. No, I know of none.

Q. Anything of his own that you had to make repairs upon or to do with?—A. No.

Q. Not at all?—A. No.

Q. Did you have any personal accounts with him other than these transactions that have been spoken of?—A. No.

Q. Or your company?—A. No.

Q. Then there were no regular transactions between him and your company?—A. No.

Q. Where have you got this entered in your books, June 6?—A. I don't know.

Q. Well, look at the book and let us see. Any trace of that?—A. June 26, is it?

Q. Yes?—A. What is the amount?

Q. \$41.80. Did Mr. Harding not have a steam yacht?—A. No, a gasoline launch of the department.

Q. You thought so?—A. I thought so.

Q. Where do you find a trace of this?—A. What is the date?

Q. June 6, 1905?—A. I do not see anything received from Mr. Harding June 6.

Q. The Bank of Montreal, is that your bank?—A. No.

Q. What is your bank?—A. The Bank of New Brunswick, August 29.

Q. August 29—Do you find anything there for August 29 or 30?—A. There is August 30, where is this August 29, is this the 29th?—A. That is a payment; there have been on receipts on the 29th.

Q. No receipts by you. Where is your bank book of that date? Let us see the bank book, please, we have not had those yet. You see, Mr. McDonald, there is something we are not getting?—A. Nothing that I know.

Q. But we have the partial records and we have not the balance of the records. There is something we are not getting information about. Mr. Moore said you were the only man who had to do with the company's business, the board met only once a year. There is nothing there, apparently; unless it is mixed up with some other deposits. You see, it looks exceedingly awkward, don't you think so?—A. It does have a very bad appearance.

Q. It does have a very bad appearance. How can you explain it?—A. The explanation might be this, I don't know, but I will show you—

Q. Never mind about might be's. Unless there is some good reason we do not want guessing?—A. There is a cheque drawn in favour of the St. John Iron Works. I have not seen it, I don't know anything about it.

Q. Let us see the guess, then, what there is in it. We are kept guessing all the time?—A. What date is this?

Q. This is June 6. What is there now you are thinking about? Is there anybody who knows more about these books than you do?—A. Mr. Irvine kept the books.

Q. He is in Montreal?—A. Yes.

Q. The Bank of Montreal has marked it again, August 30. What is the reason of the two stamps of the Bank of Montreal, one August 29 and the other August 30?—A. This is the acceptance stamp.

Q. Let us see the stub cheque book, that may tell us something. Cheque 334, Mr. Harding's cheque book. This is one of the cheque stubs we have not got. Well, can you tell anything about that?—A. No.

Q. You cannot make any explanation about that?—A. No.

Q. Can you tell why that is made payable to the company and others are not, can you explain that at all?—A. I could not explain; I have an idea. Do you want my idea.

Q. Well, if there is reasonable ground for it, what is it?—A. Perhaps there is a cheque payable to us come in from the department, \$41.60 on June 6. I may have been away, and he may have asked our cashier if he could take that cheque and substitute his for it in the cash and it remained from June 6 to August 29.

By Hon. Mr. Cassels:

Q. What you mean is he would borrow the cheque?—A. He may have borrowed the Marine and Fisheries cheque and put that in, I have no knowledge; that is only my idea.

Q. He borrowed the Marine cheque and gave his cheque to be held until he was in funds?—A. Yes. It is dated June 5 and deposited August 29. It may have laid in our cash box during that time.

By Mr. Watson:

Q. He may have been using official cheques of the department for his own purposes. That is right in plain language?—A. No.

By Hon. Mr. Cassels:

Q. I do not think that is what the witness means. A cheque would come on that date payable to the order of the company for that amount, Mr. Harding would ask to

have that cheque endorsed to him so he might use the money and give his cheque, which would be taken up at a later period.

By Mr. Watson:

Q. That is just about the way I think I put it to you, that he and you were joining with him to allow him to use the departmental cheques for his own purposes. Is it not that the plain English of it?—A. That is plain English.

Q. The plain fact?—A. Your lordship, does that put a different construction on it from what you had in your mind?

Hon. Mr. CASSELS.—I will have to tell you that later on.

By Hon. Mr. Watson:

Q. Answer the question. You say it is the plain English and plain fact, you were joining with the agent of the department in that sort of transaction, according to your present view?—A. No.

Q. Well, that is the best explanation you can make about that?—A. Yes, that is the best.

Q. Now, there is a cheque, June 11, 1905, cash, \$390, signed by Mr. Harding?—A. Yes.

(Cheque marked Exhibit 252.)

Q. Is that your writing on the back of it?—A. No.

Q. Not, eh?—A. No.

Q. Who wrote that 'Charles McDonald'—oh, per Mr. Irvine?—A. Yes.

Q. For deposit in the Bank of Montreal?—A. Not the Bank of Montreal.

Q. The Bank of New Brunswick?—A. Yes.

Q. So that just in the ordinary course of business these came in and were handled by the book-keeper in the same way?—A. Certainly.

Q. So it reached that condition of affairs that the bookkeeper was doing these things in the ordinary course?—A. The bookkeeper was fully conversant.

Q. So that at any time Mr. Harding took to the company through the book-keeper cheques he could get cash for them?—A. No.

Q. Well, he would get the company's cheque for them?—A. No.

Q. What did he get on that day, June 11?—A. He got nothing.

Q. Got nothing?—A. No.

Q. What did he take this cheque there for then, just as a gift to the company? Just think before you answer, please. What would he give this cheque to the company for?—A. He got his previous cheque back.

Q. He got his previous cheque back?—A. He had already got that money sometime before.

Q. How do you know?—A. I fancy so. Look on the memorandum, you will see.

Q. \$390?—A. What date is that received?

Q. June 11 this cheque is?—A. This cheque is June 11.

Q. There is no cheque here June 11?—A. That must be the cheque.

Q. That is July 11. I have June 11 there. Look at your book and see June 11?—A. There is no entry of that in the book. Our cheque book would show it.

Q. Let us see your book for June 11, 1905, and see if you gave a cheque that day?—A. (Witness whispers to counsel.)

Q. Just what you have to say in the ordinary, regular way of evidence, so it can be taken down?—A. There is nothing there.

Q. That is July you read?—A. Might that cheque have been written June instead of July?

Q. I do not know?—A. There is what we have, July 11, \$390.

Q. You see, we get 'might be's' more than anything else in many of your answers. Let us see June 11 back here. I do not find anything there. This is the stub?—A. Yes.

Q. Now, let us see the regular cash book; where are your entries there?—A. Further down.

Q. As the cheques go out and are cashed—these are not receipts, these are payments?—A. These are our cheques.

Q. June 12, there is nothing there after June 12. Where do you get on to the rest of the month?—A. Over there (indicating).

Q. June 13. You do not make anything out of that, nothing apparently is there. How can you account for that; dated back, do you say?—A. It must be.

Q. Why dated back?—A. I don't know.

Q. You don't know. You see, I cannot make anything out of this. You will have to have a lawyer from Philadelphia here about these books; I cannot make anything out of them. That is \$390, that is all you can say about that?—A. No; that is deposited to our credit, you will find on the 28th day of July.

Q. Yes?—A. We had lent Mr. Harding \$390.

Q. Just wait. When did you loan him \$390, show me the entry of that?—A. There (indicating).

Q. Show me the entry in the books?—A. That is how it appears in our cash.

Q. What?—A. \$390.

Q. That is just cash?—A. Yes. We gave him a cheque; our cash was \$390 in excess then.

Q. Yes. But this is just a payment to cash, \$390?—A. That was the cash Mr. Harding got.

Q. You think so?—A. I would swear to it.

Q. How do you know; do you remember giving him the cash?—A. No, I do not.

By Hon. Mr. Cassels :

Q. Why did you date his cheque back? If you only gave it to him in July, why on earth date the cheque back to June for the repayment of it?—A. I don't know.

Q. Well, you are under oath, Mr. McDonald?—A. Well, your lordship, in that case I was positive.

Q. If you cannot explain it, say so, but do not make up all kinds of stories. It is absurd on the face of it?—A. I want to answer.

Q. Well, you are answering absurdities. You have a cheque in July, and date it back for repayment to June.

By Mr. Watson :

Q. Take this one, payable to cash or bearer, \$360. Do you see that? Did you yourself get that cheque or is that a regular bookkeeping matter for the company?—A. A regular bookkeeping matter for the company.

(Cheque marked Exhibit 253.)

Q. I see, in accordance with the system of the company. This is signed by you personally?—A. Yes.

Q. You must have some knowledge of that then?—A. Yes.

Q. What knowledge have you got of that, your recollection, please, of that transaction? What day of the week was it and what time of the day was it when he came to you with that, and what was the conversation?—A. I do not know.

Q. You do not know?—A. That cheque was deposited in the bank of New Brunswick.

Q. Anybody can see that by looking at the cheque.—A. He returned that cheque.

Q. I am not asking you that. I am asking you for your personal recollection of what took place on that occasion.—A. I cannot remember back. What is the date?

Q. That is March of this year, that is not long.—A. This year?

Q. Yes. A very short time, Mr. McDonald, for a businessman to remember. Your memory does not carry back that far, that is right is it?—A. Well, the cheque was brought into our cash.

Q. Who brought it in? It is signed by you.—A. I have to sign it.

Q. The fact is you have no personal recollection?—A. I cannot.

Q. You know nothing about the transaction?—A. No.

Q. So you cannot give his lordship any information about this?—A. I can give his lordship information from the books of the company.

Q. I say not from personal recollection?—A. Not from personal recollection. I can show where the cheque was deposited to our credit in the Bank of New Brunswick on the 28th day—whatever day it is.

Q. The difficulty is the books do not show the record, the books do not show Mr. Harding's name at all?—A. I explained that yesterday. We were not doing any business with Mr. Harding, we were cashing his cheques and holding them as cash until he saw fit and proper to pay. There is one of the times he saw fit and proper to pay, and you will find it in that bank account.

Q. That was a matter of his pleasure?—A. If I did not hurry him up. But you see that in the Bank of New Brunswick if that was paid—

Q. Never mind about the Bank of New Brunswick. It is the St. John Iron Works I am talking about now. Then August 4, 1906, \$395, what about that, any personal recollection about that?—A. No personal recollection.

(Cheque marked Exhibit 254.)

Q. No personal recollection. Up to that time, August 4, 1906, how much money had he got from you, can you tell, when he gave you this cheque?—A. Can I tell from memory?

Q. Yes.—A. I cannot tell from memory.

Q. No personal recollection about that?—A. Excuse me.

Q. You answered my question?—A. Yes.

Q. February 13, 1907, again, cash, \$465, signed by the bookkeeper. Any personal recollection or knowledge about that?—A. No more than the others.

(Cheque marked Exhibit 255.)

Q. The Bank of New Brunswick, pay to cash—You have changed the colour of the cheques, this is one of yours is it?—A. Yes.

Q. Cash or order \$478, St. John Iron Works. Where is that entered in your books? It does not appear on this little list you handed me?—A. Is this the book?

Q. I do not know. You know your own books, I presume. November 15, 1907, where does that appear in the books?—A. Oh, this is one of our cheques?

Q. Certainly.—A. Oh.

(Cheque marked Exhibit 256.)

Q. I mentioned that to you in the first place when I handed it to you?—A. That appears in our cash on the 15th November.

Q. Let us see it?—A. It appears on the stub cheque book.

Q. In any book of account?—A. I have explained to you we kept no record, we put it in our cash.

Q. But here is a cheque issued by you, signed Charles McDonald, have you no record of it at all in the books?—A. Nothing but the stub of the cheque.

Q. Nothing in the world but the stub of the cheque. Let me see the stub of the cheque?—A. That is one of them we were looking over this morning.

Q. The one you cannot find?—A. No; that is one we are putting down on that list to give you a full list.

Q. November 15, where is it? I would like to look at it myself, if you please. January, 1908, will you just telephone for the stub of that cheque?—A. Yes.

Q. 1907, cheque book?—A. 1906, I think is here.

Q. All here but 1907?—A. Yes.

Q. How long will it take to get that here?—A. Ten or fifteen minutes.

Q. That is all right. Then have you personal recollection of this transaction, a personal recollection?—A. I have no personal recollection.

Q. You have no personal recollection. \$478, it has got Mr. Harding's name, Mr. Harding's name is endorsed on the back of it. No recollection about it. And there is

no entry of it in any book of record, except it may be in that stub cheque book; that is right, is it?—A. No; there is no entry.

Q. Is it a matter of much consideration and thinking to reach that conclusion?—A. Well, we have the records of it.

Q. Well, I want the records, what is this bundle?—A. Have you an earlier one?

Q. Yes. I do not know anything about any of them?—A. Have you one of 1906?

Q. You find me one in 1906. You said there were at least a dozen in a year?—A. Give me my memorandum.

Q. There are only one to nine?—A. Give me the dates.

Q. Stand back there, please, and listen. Yesterday you said that during the four years, 1904-5-6 and 7 and up to the present time there would be an average of about one a month, that is about a dozen in each year during this period, that is of cheques issued by you and by him, and you were last evening to prepare me a record of those, tracing them up. Now, this morning you have given me a memorandum as to nine cheques?—A. That is the record.

Q. Out of 48?—A. That is the record. My imagination of how many there were must have been too big yesterday.

Q. Your imagination must have been too big yesterday?

By Hon. Mr. Cassels:

Q. Were you giving evidence from imagination?—A. To the best of my knowledge and belief, your lordship.

Q. You understand you are under oath?—A. Yes, sir.

Q. Do you give imaginary evidence?—A. Well, the counsel asked me a question how many cheques did I think I had with Mr. Harding in a year.

Q. I take your own language. You have got to do yourself justice. You cannot if you are giving evidence from imagination, on the statement you make. We want to get the facts, not imagination?—A. I cannot remember the facts. My answer would be, I cannot remember.

Q. You had better get somebody else to furnish the information if you cannot do it yourself.

By Mr. Watson:

Q. Now, your imagination is, as I understand, that there were only nine cheques altogether?—A. We are still searching for more, from February 13.

Q. I see, still searching for more?—A. Yes.

Q. Now, then, of course you appreciate that we have other information besides what we are getting from you?—A. I hope you have.

Q. Yes, I would be sorry if I had not, and I just want you to think, because I have a good many more of Mr. Harding's cheques. Now, what is your idea as to the number of cheques each year, about, let me have that, please? In 1904, about how many cheques were there issued, do you think?—A. There were none, that I can find.

Q. There were none that you can find?—A. No.

Q. In 1905, about how many were there issued, do you think?—A. You have got my paper.

Have you any idea?—A. Two or three, that is on the paper.

Q. I see. And 1906, how many do you think there were?—A. About the same number.

Q. And 1907?—A. About the same number.

Q. And 1908, now we are coming to this year?—A. 1908, there are two.

Q. When was the last one in 1908?—A. The date you have got here, I do not remember the date.

Q. The last one. What is the date of the other one in 1908?—A. The earlier date I cannot remember.

Q. What date was it?—A. Well, I do not know.

Q. Have you traced it in your books?—A. I am tracing it in my books now.

Q. But in 1908—have you got your books for 1908 here?—A. Yes.

Q. You see, you could not find that one of 1908 there at all?—A. When?

Q. This morning?—A. I was never asked for it.

Q. Find it now, you have got the book there. Who is doing the work for you in the office in making the investigations, what is the name of the gentleman?—A. Miss Melick.

Q. How long has she been with you?—A. Five or six years.

Q. In what capacity?—A. Stenographer and general office hand, and now she keeps the books.

Q. I see, now she keeps the books. As soon as you are relieved, will you be kind enough to ask her to come here?—A. I will.

Q. As soon as she can get here after you are relieved. At present then I think we had better not take up time, you had better make another search, if you will be good enough to do so?—A. Yes, I will make it.

Q. Yes, keep on. You still cannot tell me anything about this cheque No. 251 for \$41. The reason I asked you then and I ask you again is that Mr. Harding produces all his cheque books except 1904, 5 and 6, and those are the cheque stubs or the stubs from the 1st of January, 1905, to the 1st of January, 1906. It is during that period that this matter passed through, and I want to see what else there was. You cannot help? See if you can help us about that?—A. I will, certainly. I cannot tell you everything.

Q. Never mind, just answer the questions, please. Then how often did it occur that the departmental cheques were endorsed back to him and his cheques substituted, about how many times in a year?—A. I never knew it to occur.

Q. Eh?—A. I never knew it to occur.

Q. What were you giving evidence about a little while ago?—A. Because that looked like an amount that might have been given in that way.

Q. You think that probably occurred on that occasion?—A. Yes.

Q. Well, you see, if a thing occurred once it is almost sure to occur again?—A. There would be no necessity for it.

Q. Why not?—A. Because, if he wanted a cheque cashed, he would send us his own cheque.

Q. There would be no hesitation about that?—A. No hesitation.

Q. So there would be no reason for transferring back the departmental cheque. That is what you say. Well, will you just see and be here at a quarter past two and then see how much more information you can give us?—A. Yes.

Q. What are those little things?—A. Those are daily cash balance sheets. (Producing.) Will you give me my memorandum of the cheques so I can go on with it?

Q. Yes. It is not worth much?—A. Not in your opinion.

Q. That is right. It is only a few, I mean to say?—A. Did you ever make a mistake?

Q. Yes, lots of them. These are signed by Irvine?—A. Yes.

Q. And these are 1906 and 1905?—A. Yes.

Q. What else have you got in the box?—A. Our cheque books.

Q. Eh?—A. Books and cheques, balance sheets.

Q. Let us have that bundle of cheques. What years are those for?—A. You can see them (producing).

Q. Some more?—A. Yes. (Producing another bundle).

Q. Any more?—A. No more cheques.

Q. Now, we want those cheque books. In the meantime have you got that book here, the cheque book that you sent for, the stub cheque book?—A. It has not come up.

Q. That was ten minutes ago?—A. The messenger has just returned. He says all the stubs were in the basket.

Q. Let me see that cheque of November 15, 1907, Mr. Registrar. November 15, 1907, cash F. J. Harding, is that right?—A. Yes.

Q. \$478?—A. Yes.

Q. That is all, is it; no other trace in any other book than that?—A. No other trace.

Q. No other trace in any other book?—A. Except when it is paid back.

Q. Yes. What is the date of that payment to Mr. Schmidt.

Hon. Mr. CASSELS.—November 12, 1907, is the date of the \$100 one.

By Mr. Watson:

Q. So that the cash will be balanced and the books would be balanced at the end of each month?—A. Yes.

Q. At the end of each month. And here was a transaction of \$478 with Mr. Harding entered cash?—A. Yes.

Q. And no other record made of it than in the cheque and on the stub of the cheque?—A. Yes.

Q. To be paid back as you said, at his pleasure was your observation before?—A. Paid back when we sent for it.

Q. At his pleasure. You said if the pleasure was too great or too long, then you might send, that is the way you put it before?—A. That is right.

Q. And these were company transactions, and you were transacting company business in that way, that is the way you say it is?—A. Yes.

Q. Well, we will see you again this afternoon at two o'clock, and in the meantime have the bookkeeper come up right away. I want the young lady here right away, if you please.

JOHN N. SMITH called; not present.

BEVERLEY R. MACAULAY, sworn.

By Mr. Perron:

Q. Mr. Macaulay, you are a merchant in St. John?—A. Yes.

Q. A member of the firm of Macaulay Brothers?—A. And Company.

Q. Is it a joint stock company?—A. No.

Q. Who are your partners?—A. My brother and Mr. Brown.

Q. A partnership?—A. A partnership.

Q. Who are they?—A. Alexander Macaulay, Beverley R. Macaulay and David J. Brown.

Q. I understand that you have been in business for many years in St. John?—A. Yes.

Q. Doing a very large business here?—A. Oh, moderate.

Q. You have been selling to the Department of Marine and Fisheries?—A. We have.

Q. You got the orders from whom?—A. From the department through the agent.

Q. Through the agent, Mr. Harding?—A. Yes.

Q. Is he the only one from whom you got orders for the Marine and Fisheries Department?—A. He is the only one I know of. We have no other source of getting them.

Q. You do not know of any other?—A. I cannot remember of any other, but what they all came through the department in the regular way. They were sent in on a docketed form giving the goods for every lighthouse. You understand me?

Q. That is all right. Answer the question. You have your books here?—A. Yes.

Q. You keep a regular set of books?—A. Yes.

Q. A journal?—A. Yes.

Q. Cash book?—A. Yes.

Q. Ledger?—A. Yes.

Q. And is that all?—A. And the day book.

Q. And bank book?—A. And many other account books besides.

Q. You have a journal?—A. Yes.

Q. A cash book?—A. Yes.

Q. A ledger?—A. Yes.

Q. A cheque book?—A. Yes.

Q. And?—A. A bank book.

Q. Yes, and?—A. And a petty cash desk book. I think that is the whole set.

Q. Are you sure we have all of the books?—A. I have them all here. I may not have mentioned all.

Q. I want to see your ledger for 1904-5, 1905-6, 1906-7.—A. I may explain——

Q. That is all right.—A. We had a fire——

Q. We will go quicker if you will merely answer the questions yes or no. What do you mean, that some of your books may be missing because you had a fire?—A. I do not think so.

Q. Is that what you want to mention?—A. There may be.

Q. That is all right, we will come to it.—A. There may be.

Q. That is all right, we will come to it. Will you let me see your ledger?—A. 1904?

Q. I want to see the index. I suppose you have an index?—A. There is no index in the ledger, they are alphabetically arranged.

Q. No index?—A. Alphabetically arranged.

Q. What are you dealing in?—A. Dry goods.

Q. Dry goods only?—A. Only.

Q. What you have been selling to the department has been nothing but dry goods?—A. Dry goods.

Q. Perfectly sure?—A. Cottons.

Q. Let us see.—A. The Department of Agriculture—that is all I have any recollection of—we have to the other department.

Q. I mean the Marine and Fisheries Department. You are perfectly sure that all you sold were dry goods?—A. To the best of my recollection it is all we sold then.

Q. But you could not be sure?—A. I am not positive, no.

Q. You are not positive?—A. No.

Q. Let us see, it is easy for you to find out from your books. I want to know from you whether you sold to the Department of Marine and Fisheries other goods than dry goods?—A. We will have to turn up those different charges.

Q. You must know?—A. I cannot tell without the books.

Q. Take last year?—A. Nothing last year but dry goods.

Q. The year before?—A. Nothing that I know of.

Q. Well, might there be something you do not know of?—A. There might be.

Q. Who would know of it?—A. Nobody but the books.

Q. The party who sold the goods must know?—A. I can show the charges.

Q. We cannot go into all that. You must know whether you sold something else than dry goods?—A. I say I do not remember anything else, I am positive.

Q. Well now, do you remember having sold groceries?—A. I remember of never having sold groceries.

Q. You do not remember having sold groceries?—A. Never.

Q. Well now, those goods were delivered where?—A. Delivered to the warehouse in St. John, the Department warehouse, sometimes on boards of boats.

Q. That is what I want to know from you. I understand from you some of the goods were delivered in the stores and some on board the steamers?—A. Yes.

Q. What steamers?—A. The *Curlew* and *Lansdowne* I think we both delivered goods to.

Q. To whom would you deliver when you delivered on board the *Lansdowne*?
A. I do not remember. The team would take them and they would be delivered to those in charge.

Q. Well, who was in charge?—A. Of the steamer?

Q. Yes.—A. I suppose the captain or mate.

Q. You suppose—do you know? Let us know the facts.—A. I do not know who received them. We delivered them, that is all we know.

Q. You told me you got these orders always from Mr. Harding only?—A. Well, they were delivered to us. I don't know whether Mr. Harding brought them in person.

Q. You mean to say—A. They came through the agent.

Q. Please wait. You told me that the orders were signed by Mr. Harding, is that what you mean?—A. The order would be signed by Mr. Harding.

Q. But—A. But—

Q. One second. But they might be brought to your store by somebody else?—A. Yes, by the captain of one of the steamers.

Q. That is what I want to know from you. Now, let us find out. Among those orders who brought them to your store, say for the *Lansdowne*, who was in the habit of bringing them?—A. What year, this year?

Q. Take 1904?—A. I presume the captain would bring some orders.

Q. Now, Mr. Macaulay, your presume. Have you filled the orders yourself?—A. partially.

Q. Now, who went to your store in 1904 to choose the goods for the *Lansdowne*?—A. Well, I suppose—the *Lansdowne*, I would say the captain.

Q. Well, you suppose, do you say so?—A. Well, 1904 is a long time to remember whether a man came in and purchased.

Q. Well?—A. I say—I will say I can't remember.

Q. You will try?—A. I won't try. It is impossible for me to go back four years.

Q. Now, surely when a man comes to your store quite often, you must remember who he is, you must remember your clients?—A. So you do.

Q. Well, you sold a large amount for the *Lansdowne* in 1904?—A. What amount?

Q. You sold a large amount?—A. No, I never sold a large amount to the whole department.

Q. What do you call a large amount?—A. The smallest we had was \$500, and the largest \$900. That is a very small item of my business to charge myself with the detail of who brings the orders in.

Q. I understand?—A. I will give everything in my power to facilitate—

Q. One second, please. Do you tell me you cannot remember?—A. I cannot remember and—

Q. One second. You do not know what I am going to ask you?—A. You said, can I remember.

Q. Please, please, now. Do you mean to tell me that it is impossible for you to remember who went to your store in 1904 to get goods for the *Lansdowne*?—A. I would say in that particular case, I do not remember.

Q. You do not remember only once someone going to your store from the *Lansdowne* to get goods with an order signed by Mr. Harding?—A. Yes, what they call requisitions.

Q. Whatever you call it, you remember the name of the thing, but you cannot remember who brought it?—A. I know the form used.

Q. 1905, can you remember one name or one occasion when a man went to your store to get stores from you for the *Lansdowne*?—A. I cannot remember.

Q. Why?—A. I cannot remember.

Q. A bad memory?—A. No, a very good one.

Q. 1906?—A. No, I cannot tell.

Q. You cannot remember?—A. No.

Q. Not one occasion?—A. Not one occasion who brought them. It may have been a messenger. The getting the order was the main thing.

Q. 1907?—A. I don't know.

Q. You cannot remember?—A. No.

Q. 1908?—A. I cannot remember.

Q. You cannot remember?—A. I cannot remember.

Q. Last month you cannot remember?—A. No, I do not remember it personally.

Q. And you are telling me you have a very good memory?—A. I do not remember getting orders last month, because I did not receive one.

Q. When did you send the last time to the *Lansdowne*, Mr. Macaulay? From recollection, you could not tell when was the last order?—A. No.

Q. Do you remember if you delivered goods recently to the the *Lansdowne*?—A. The *Lansdowne* lately?

Q. Yes. How long about according to you? I want to test your memory. It seems to be very bad. How long ago, according to you, have you been delivering to the *Lansdowne*?—A. How long have I been delivering to the *Lansdowne*?

Hon. Mr. CASSELS.—When was the last delivery?

By Mr. Herron:

Q. Your last delivery?—A. Well, I cannot say.

Q. Well, about?—A. Well, let me understand. What was it, goods for the *Lansdowne* or for the department, for the lighthouse service?

Q. For the *Lansdowne*. I have been asking you for the *Lansdowne* all the time?—A. For the *Lansdowne* steamer?

Q. Yes?—A. No, without reference to the books I honestly cannot remember.

Q. Now, do you know who is the captain of the *Lansdowne*?—A. Captain Bissett, I believe.

Q. Well, do you know him?—A. I know the gentleman to see him.

Q. Do you see him in your store?—A. I have not seen him in my store.

Q. Did you see him there in 1904 and '05?—A. I might have seen him in 1905.

Q. What was he going there for?—A. I think at the time he was purchasing table linen.

Q. Then you remember seeing one official in 1904 and 1905 who got goods for the *Lansdowne*. Why did you not tell me that a minute ago?—A. Well, because my recollection would have to go back to remember the man.

Q. It just came back now?—A. Yes.

Q. You remember in 1904 and 1905 Captain Bissett came to your store and got goods for the *Lansdowne*?—A. My recollection of that is not as clear as it ought to be.

Q. That is one of those years?—A. I would not say 1904 or 1905. I——

Q. Please. You also remember the kind of goods?—A. Yes.

Q. Now, try and remem^{ber} somebody else, will you, for the *Lansdowne*. Can you not?—A. I cannot.

Q. Utterly impossible for you to remember any other name?—A. Impossible.

Q. You are sure that someone else went there from the *Lansdowne*?—A. I made no such assertion.

Q. Do you know?—A. Not to my knowledge.

Q. Now, you have also been delivering goods to the *Curlew*?—A. Yes.

Q. Well, who went to your store to get goods for the *Curlew*?—A. I think Captain Pratt at that time.

Q. Who?—A. Captain Pratt.

Q. And?—A. I think he was captain at the time.

Q. Well, who besides Captain Pratt, do you remember anyone else?—A. I think there was a captain followed him.

Q. I beg your pardon?—A. I think there was a captain followed him. I have not got his name in my mind.

Q. He went to your place to buy goods?—A. They were duly charged to the department.

Q. Do you remember somebody else, can you recollect someone else?—A. I cannot.

Q. Well, now, those goods were purchased from you from day to day?—A. Purchased from us.

Q. When needed?—A. No, they were not; they were given an order for the supplies.

Q. What do you mean?—A. Well, if they went for the use of the steamer it would be one time probably a mat, another time it would be linoleum, another time towels, it might be a table cloth after the linen was removed, or it might be napkins. There is all that line of goods. Perhaps you have the items there.

Q. No, Mr. Macaulay, I am asking you for the present—you had contracts from the agents or department for these goods?—A. Well, it was understood that we were furnishing—

Q. I am asking had you a contract?—A. No.

Q. That settles it. You had no written contract?—A. No.

Q. He was sending you requisitions, as you call them, or orders, and you would charge the department what you thought fit?—A. No; he sent in limited prices.

Q. When?—A. With the order, it was to be so much.

Q. He was fixing the prices himself?—A. He was fixing the utmost price they would pay.

Q. He was fixing the utmost price they would pay himself?—A. For the department.

Q. You had nothing to say?—A. We had to furnish goods to a certain standard at certain prices.

Q. What do you mean? You tell me now Mr. Harding would send you an order or requisition, as you want to call it, mentioning on it the prices he would pay; is that what you say?—A. Yes.

Q. Have you got one of those?—A. One of what?

Q. One of those orders or requisitions?—A. I have not.

Q. Where are they?—A. I cannot find any.

Q. Why?—A. I think they have all been destroyed.

Q. Why?—A. They were down in the vault in the cellar.

Q. They were your vouchers if you had trouble with the department?—A. They were returned with the bill to the department.

Q. Do you swear positively that on each of those orders the price of the goods was mentioned?—A. I would not say each of them.

Q. Why, you told me he was sending orders to you and on those orders the highest price that the department would pay was mentioned. Now, let us clear that up?—A. It is and it is not.

Q. What is and what is not?—A. I will just tell you. For instance, for the alarm guns they had to have all-wool flannel.

Q. What?—A. For the alarm guns they had to have all-wool flannel. If it was not all-wool the men using them were in danger of their lives. Of course, we had a price fixed on those. The screens to protect the valuable lenses which had years before been too thin—

Q. Will you allow me; will you answer? Some were fixed and some were not?—A. Yes, to a certain standard.

Q. Eh?—A. To a certain standard.

By Hon. Mr. Cassels:

Q. A special class of apparatus?—A. A special class of apparatus.

By Mr. Perron:

Q. Prices were fixed only for some special goods?—A. Yes.

Q. Which were only a very small part of your trade with the department?—A. The whole trade was very small.

Q. But taking everything into comparison, the amount on which the prices were fixed ahead was a very small portion of the whole amount of your trade?—A. I would not say that.

Q. What would you say?—A. I say a due proportion.

Q. What proportion?—A. I could not say. A certain amount of flannels, a certain amount of screen lights.

Q. But in most cases the prices were not fixed or mentioned on the order?—A. They were.

Q. Do you swear to that?—A. I do.

Q. You are positive of that?—A. Yes.

Q. When were the prices fixed?—A. Years ago, I think.

Q. How many years ago?—A. I should think ten or twelve years ago.

Q. And they have always been going on the same since?—A. Yes.

Q. Standard prices for ten years?—A. Yes; and in an advance on goods we did not get anything by it.

Q. What you say now is that the prices were fixed by you and Mr. Harding ten or twelve years ago and have never been changed since?—A. I say so. There may have been some things—

Q. Well, when?—A. I could not say.

Q. You could not state one line of goods on which the prices were changed?—A. No.

Q. Now, let me see Mr. Harding's account in the book?—A. What year?

Q. 1904, please?—A. (Produces ledger.)

(Ledger marked Exhibit 257.)

Q. Now, you exhibit to me a ledger which contains at page 465 Mr. Harding's account?—A. Yes.

Q. This is for 1904, and I see on December 31, 1903, a balance was brought from another book?—A. Yes, sir.

Q. Which showed at the time that Mr. Harding was indebted to you or to your firm in the sum of \$143.85, and since then there have been sales extending to December 4 of the same year, and then the account of Mr. Harding stood at \$387 or \$381, I am not sure which. That would be it?—A. Yes.

Q. When was that settled?

Hon. Mr. CASSELS.—What date is that?

[Mr. PERRON.—1904, my lord.

Q. When was the settlement made for 1904?—A. I cannot say.

Q. Who can?—A. We can trace it right through the books.

Q. Well, let me see the book. I mean to see in so far as credits are concerned I want to see the settlement?—A. Yes.

Q. Well now, before we go any further, I want to know what this means, 'Allowance, February 28, 1905'?—A. \$7.40.

Q. Let us find out the entry about that. What is the meaning by allowance?—A. I could not say. I never saw the entry before.

Q. Who made the entry?—A. The bookkeeper.

Q. Who settled the account with Mr. Harding?—A. The bookkeeper.

Q. The bookkeeper settled accounts with Mr. Harding?—A. Yes.

Q. Who is your bookkeeper, please, what is his name?—A. I don't know whose writing that would be.

Q. How many have you?—A. Four or five. (To messenger.) Can you tell whose writing this is? Messenger.—That is mine.

Q. What is the name of the gentleman who says it is his own writing?—A. Mr. Britton.

Q. How long has he been with you?—A. Several years.

Q. What do you mean by several years?—A. Six or seven years.

Q. That is to say he was at your store for the first year, 1904?—A. Yes; he may have been eight years.

Q. Explain to us at once, so we may make it clear, what you mean by the word allowance in your book?—A. It might be——

Q. What is it, please? Let us come to the thing. What is it, without any fencing?—A. In case it is an overcharge it might have been millinery for his wife.

Q. I am asking you?—A. You are asking my idea.

Q. Please. I am asking you what is the meaning of this word allowance in the book here as put in to Mr. Harding's account?—A. I could only come to that by referring to the bookkeeper what it is for.

Q. Do you mean to say you do not know personally?—A. I never heard of it.

Q. You never heard of it?—A. I never saw it before, positively.

Q. I am not asking you whether you saw it in the books or not, I am asking you whether you heard before that an allowance had been made to Mr. Harding?—A. I never did.

Q. You never heard of it?—A. I never authorized it.

Q. Who did in your store?—A. I cannot say. It might have been an error in bookkeeping.

Q. We do not want any mights. Surely the bookkeeper is not allowed in your place to make allowances as he pleases?—A. Certainly not.

Q. He is not running your business?—A. No.

Q. Well now, can you tell me who in your firm told the bookkeeper to make this allowance to Mr. Harding?—A. I have no doubt that I can trace this back to what that allowance is if you will give me the opportunity.

Q. Now, let us find your books for 1905. Have you got your cheque book for 1904? Let us see it at once?—A. We have not the stubs of 1904, we have the cheques.

Q. Where are the stubs?—A. The stubs were destroyed in the fire. You will see the remains of some of them here. (Exhibiting.)

Q. You told me a minute ago you did not know anything about your books. You do not know much?—A. I did not say anything about the books.

Q. Do you know them?—A. I know them to see them.

Q. Well, can you explain?—A. Partially.

Q. I beg your pardon?—A. I can explain partially.

Q. Can you explain them thoroughly?—A. Everything in them, no.

Q. Who can?—A. Scarcely no one can tell the entries unless he traces them back.

Q. Who knows about your books?—A. I can give you all the information about the books.

Q. You can?—A. Yes.

Q. Tell me what dates the settlements were made with Mr. Harding and show me those settlements in the books?—A. Here is commencing August——

Q. This is his personal account. I want purely and simply the settlements, that is what I am asking of you at present?—A. Cash has been carried up to the present time from this book.

Q. That is not an answer at all. Now, listen. On December 5th, 1904, Mr. Harding was owing you \$386.87?—A. Yes.

Q. I want to see when this amount was settled, paid. Let me see in your books where it appears, please, the settlement?—A. (Witness refers to book) There is a credit, \$205.

Q. What day did you get \$205?—A. February 27th, 1905.

Q. Paid in cash?—A. I will have to trace it up.

Q. Trace it up, please. You admit, Mr. Macaulay, it is very hard to find anything in your books?—A. Without the sequence of books.

Q. The sequence is pretty hard to get?—A. No.

Q. Hard work?—A. No.

Q. How much does he owe now?—A. \$157.80.

Q. How much was paid in cash altogether?—A. March, \$884.90.

Q. What year?—A. 4th March, 1907.

Q. We want to get from this to that, we want 1904, 5 and 6. We want to know how much was paid in those years, and we want to know what goods he got, to what extent and how much.

By Mr. Watson:

Q. What is the total amount of the allowance?—A. \$7.40.

Q. And the other allowances?—A. What other?

By Mr. Perron:

Q. Have you an account of other allowances?—A. \$33.66.

Q. When?—A. That would be about May 17th.

Q. When was it, please?—A. There it is, May 17th (indicating).

Q. What year?—A. No, December 28th, in 1907.

Q. How much did you give him?—A. 33.66.

Q. What for?—A. It is marked 'special account,' and it is just credited to cash.

Q. You do not know why?—A. I do not know why.

Q. You cannot find it by the books?—A. It is just a credit to cash.

Q. You cannot find by the books?—A. I do not know.

Q. There is a credit to cash, don't you know?—A. No.

Q. Why?—A. Just a gift.

Q. Why did you make a gift to Mr. Harding on that day?—A. Just a friendly gift at Christmas time.

Q. Do I understand that all your customers at Christmas time get gifts?—A. No.

Q. You take 20 per cent off when they pay their accounts as Christmas gifts?—A. No, I did not say it.

Q. Is that what you say?—A. No.

Q. Do you swear the \$33.66 was purely and simply a Christmas gift to Mr. Harding?—A. Simply.

Q. Nothing else?—A. Nothing else.

Q. You had no other transaction with Mr. Harding outside the personal account?—A. His personal account is perfectly straight and that is kept separate.

Q. No other personal account?—A. None.

Q. None whatever?—A. None whatever.

Q. Never loaned him any money?—A. I have exchanged money.

Q. No transactions whatever, but you have exchanged cheques. Why did you tell me that you had no other money transactions with Mr. Harding?—A. I did not say money transactions.

Q. That is the way you construed it?—A. I—

Q. One second, Mr. Macaulay. I am putting you a question, please. I have been asking you three or four times if you had any other transactions with Mr. Harding and you said no?—A. I told you plainly we had no other transactions on these books before with Mr. Harding, but we had exchanged cheques.

Q. No, you did not tell me?—A. I tell you now.

Q. When I ask you?—A. I have nothing to keep back.

Q. I am not stating that. You have exchanged cheques?—A. Yes.

Q. Show me this exchange of cheques in the books?—A. They are just charged as cash, and I can show you how long these cheques are held.

Q. Now, don't, don't. I am asking you to show me in your books where this exchange of cheques appears, that is all I am asking of you at present. Let me see the book, please?—A. I have not got it in my books; it is held in the cash.

Q. That is all right. Those transactions, whatever you call them—you do not want to call them transactions—this exchange of cheques made by you with Mr.

Harding does not appear in the books; is that a fact?—A. They do not appear in the books?

Q. Nowhere?—A. Nowhere in the books.

Q. I presume those transactions were made for your benefit?—A. Not at all.

Q. They were not for your own benefit and convenience, this exchange of cheques?—A. No; Mr. Harding's convenience.

Q. Oh, that is what you say now. Then, I suppose you went to Mr. Harding and offered to exchange cheques with him?—A. I did not.

Q. Then, how did you come to make your transactions?—A. He requested it.

Q. When, how long ago, roughly; I am not particular about a month?—A. I think, four or five years.

Q. Not more than that?—A. It might be more.

Q. Six or seven?—A. It might be seven.

Q. Do you go as far as ten years ago?—A. It might be ten.

Q. It might be twelve?—A. I cannot say.

Q. You are sure about ten; you cannot say about twelve?—A. I am not sure about ten even.

Q. Well, who made the arrangements with Mr. Harding as to the exchange of cheques, did you?—A. Yes, I think.

Q. Yourself personally?—A. Yes.

Q. You are the party who dealt with Mr. Harding?—A. Yes. Other members of the firm could do some—

Q. I am not asking if they could. You did it?—A. Yes.

Q. That is what I want. Then I understand, transactions took place between yourself and Mr. Harding, your brother and Mr. Harding, and Mr. Brown and Mr. Harding?—A. Yes.

Q. The three of you?—A. No, I think not. I know from Mr. Brown he has, but from my brother I don't know.

Q. Your brother Alexander?—A. No.

Q. You tell me now these transactions took place between yourself and Mr. Harding and your brother Alexander and Mr. Harding?—A. No.

Q. And Mr. Brown and Mr. Harding?—A. Yes.

Q. Please let us know what took place between you and Mr. Harding, when the first money transaction between you and him took place?—A. I could not say when the first took place.

Q. When the first one was made—you must remember?—A. I may not have made the first.

Q. Would you?—A. I cannot say.

Q. Your brother or Mr. Brown?—A. My brother did not.

Q. Is it Mr. Brown?—A. It may have been.

Q. Let us come to the hard facts. Did he or did he not?—A. I don't know.

Q. Well, what do you remember yourself?—A. I remember his asking me to give him a cheque and to receive his. These things having been done before with others, we accommodated him.

Q. Well, now, this was when?—A. I think that would be in 1905 or 1906, about 1905, I should think.

Q. You do not know, you are not positive?—A. No.

Q. What was the first amount you let him have?—A. I think about somewhere in the neighbourhood of \$300 or \$325, \$345 or \$375—I cannot remember.

Q. Please tell me why you did not enter this account in your books?—A. Because we took his cheque and put it in in our cash the same as any other cheques.

Q. The same as Mr. McDonald and the others did?—A. Yes; only I can show you how long we kept it here.

Q. Now, that is all I am asking you at present, I am purely and simply asking you why?—A. That is why.

- Q. You gave him a cheque or money, was it a cheque or money?—A. Cheque.
- Q. Have you got the first cheque there?—A. Yes.
- Q. Let me see it, please?—A. I have some of them here.
- Q. I am asking you if you have his first cheque?—A. No, I have not got the first.
- Q. Where is it?—A. I don't know.
- Q. Did you look for it?—A. Yes, carefully.
- Q. You could not find it? Where is the stub cheque book?—A. As I explained to the court when I came in, our stubs were all destroyed in the fire.
- Q. Let us see some of those cheques?—A. Take any one of these.
- Q. That is not a cheque given to Mr. Harding?—A. It was to Mr. Harding.
- Q. It is payable to cash?—A. That is Mr. Harding.
- Q. That is Mr. Harding, cash?—A. No, cash or bearer. He was the bearer I presume.
- Q. Why, Mr. Macauley, you have been in business for how many years?—A. Oh, since '74, about 30.
- Q. Thirty some odd years?—A. Yes sir.
- Q. Doing business all the time?—A. Yes.
- Q. A careful business man?—A. Yes.
- Q. Keeping a careful set of books?—A. Yes.
- Q. Well kept?—A. Yes.
- Q. Containing all the business?—A. Yes.
- Q. And you made your cheque payable to bearer or cash?—A. Yes.
- Q. That is your practice, that is the way you do business?—A. In hundreds of cases.
- Q. Have you been dealing in hundreds of cases in the same way as you have been dealing with Mr. Harding?—A. No.
- Q. No, no. Now, tell me, whenever you lent money you did not enter it in your books?—A. It is entered right here.
- Q. Where?—A. What date is that?
- Q. What book is that?—A. This book is kept with the cash. It is more than what the word usually conveys, it is more extensive than a cash book. It shows whether cheques, gold or script.
- Q. Let me see Mr. Harding's name?—A. It is not there.
- Q. You say that outside of his special account Mr. Harding's name does not appear in your books?—A. Certainly not. We entered that in cash.
- Q. I would like to know how you would enter a \$10 bill?—A. Will you give me a date?
- Q. No, I do not want that?—A. I think it is scarcely fair, your lordship.

By Hon. Mr. Cassels:

- Q. Let me see the book?—A. Can I explain that?

By Mr. Perron:

- Q. Mr. Macaulay, you are under examination at present?—A. I am.
- Q. Well, I want to know from you how much money you advanced to Mr. Harding in 1904?—A. I received cheques.
- Q. I am asking you how much money you advanced?—A. We did not advance any money.
- Q. How many cheques did you give to Mr. Harding in 1904?—A. I should think four or five during the year.
- Q. You should think—how many?—A. I should say five.
- Q. Can you find out from your books?—A. No.
- Q. It is utterly impossible?—A. Utterly impossible.
- Q. In your own personal recollection it would be four or five?—A. Yes.
- Q. What amounts?—A. From \$325 to \$375.

Q. From \$325 to \$375. Now, in 1905 how many cheques did you give to Mr. Harding?—A. I say about the same.

Q. About the same?—A. Yes.

Q. Well, what would the word 'about' mean?—A. About the same number of cheques and about the same amounts.

Q. Would it mean five or six hundred dollars more?—A. No, about the same, I think.

Q. Well, about—what is about for? Does it represent \$200 or \$300—A. A similar amount to the previous.

Q. Exactly the same?—A. It might be more or less; it would not be far from those figures.

Q. 1906?—A. It would be about equal.

Q. 'About' stands for the same thing?—A. Yes.

Q. Would it mean \$100?—A. No; it might mean dollars, but not hundreds.

Q. 1907?—A. The same to my knowledge.

Q. 1908?—A. Well, it is less in 1908, I think there are probably three cheques.

Q. What do you mean, do you know what was the amount fixed?—A. No fixed line.

Q. All he had to do was to draw?—A. Well, we would have drawn the line at the time of payment, if we thought we gave him too much, but he paid promptly.

Q. What was his line of credit?—A. There was never any such thing.

Q. Whenever he asked for a cheque you would draw it?—A. Never.

Q. He was—A. He was modest in his demands.

Q. He was modest in his demands taking everything into consideration?—A. No.

Q. You considered that taking everything into consideration he was most modest in his demands?—A. For exchange of cheques.

Q. Well now, did he come himself to your store to get those cheques?—A. Himself.

Q. Always?—A. I would not say always.

Q. Well, when he did not go himself what did he do?—A. He might have sent a note.

Q. When?—A. I have no records. I have a kind of memory.

Q. What is your kind of memory?—A. I have just received a note, just destroyed the note, sent a cheque and got his.

Q. This may have been going on for ten years?—A. It may have.

Q. During all these years you were selling to the Department of Marine and Fisheries?—A. Yes.

Q. Mr. Harding had charge, he had to certify your accounts?—A. I presume he had.

Q. As to the quantity, quality, prices and so forth?—A. And it is all there too.

Q. I am not asking you that. I am asking you if he had to certify the account?—A. Oh, certainly he would certify it.

Q. That is all I am asking you, and Mr. Harding would also, as you stated, make the prices?—A. I don't know whether Mr. Harding made the prices. We got prices from Mr. Harding; the prices might have been made in Ottawa.

Q. Did you know the prices you were paid for and got from him?—A. Yes; and they were fair market prices too.

Q. I am not asking you that?—A. I wish you would.

Q. Now, do you keep a retail store or wholesale?—A. We keep a retail store, and sell wholesale if we get an opportunity.

Q. Many sales wholesale?—A. No.

Q. Principally retail?—A. We are in the market to buy and sell as cheap as any one in the trade.

Q. I know, but your trade is retail trade or wholesale?—A. Retail trade in the sense you mean, and no one else would serve the department except at retail prices. It is all cut up in pieces.

Q. We will come to that. I understand the prices you charged the department were retail prices?—A. Certainly.

Q. And how much over retail?—A. Nothing.

Q. How much?—A. Nothing.

Q. In some cases?—A. In no case.

Q. None whatever?—A. None whatever.

Q. Well now, you have all your books before you?—A. Yes.

Q. Please show me in those books all the entries you have for sales since 1904, indicating them to me, and also credits?—A. Other than the ledger?

Q. Yes?—A. I will have to prepare this for you. It will take some time to get back to those entries.

Q. You can get it?—A. It will take two or three hours.

Q. You have all your books, you have all your ledgers. I do not want details, I want the dates and amount?—A. They settled here—

Q. Please let us have some system. Let us take 1904. I want to know on what dates goods were charged to him in 1904, and how much each time?—A. That, as I say, will necessitate the day book.

Q. Why?—A. I cannot tell you that by the ledger.

Q. You have the amounts, the totals?—A. I can give you the totals.

Q. That is what I am asking from you?—A. —(Witness refers to books.)

Q. Surely, Mr. Macaulay?—A. I am ready for you now.

Q. 1904?—A. 1904, a settlement of \$205.

Q. I am not asking that at all. I am asking the dates there on which those goods were charged to him, with the amounts?—A. \$7.82 was in March.

Q. Please give first the month, then the date, then the amount?—A. March, 1904, \$7.82.

Q. March, what date, please?—A. 10th.

Q. Will you please give us the date of the month each time? Well, in March, 1904, how much?—A. \$7.82; June, 1904, \$120.56; July 18, \$30; October 4, \$4.66; December 4, \$79.98.

Q. Now, please give me the credits?—A. The credits against that?

Q. One second. In those you are mentioning when cash was paid, what allowances were made?—A. Received a note for \$205.62 in February, 1905.

Q. One second. On February?—A. 27th.

Q. 1905 you received from Mr. Harding a note for how much?—A. \$205.62.

Q. Payable at how many months?—A. It does not say in the ledger.

Q. Do you know?—A. In the ordinary term of three months probably.

Q. Was it paid?—A. I will have to trace in the books to see what has been paid on it.

Q. I understand you have the note in your possession, then?—A. No.

Q. Where is it?—A. It would carry in renewals and go back in the drawer.

Q. You have notes in your possession?—A. In the cabinet I have everything right up to date.

By Hon. Mr. Cassels:

Q. They would show the payments were by bills receivable?—A. Yes.

By Mr. Perron:

Q. I understand you have in your possession a whole lot of notes of Mr. Harding's?—A. No.

Q. How many?—A. There is just one.

Q. Where?—A. It may be in the bank to discount. I will let you know.

Q. The next credit?—A. The only note we have would be the last one.

Q. I am not asking about notes. I am asking you the dates on which credits were given to him. You have them here?—A. No, they do not. I have just given that all out.

Q. No you have not. You told me that on February 27, 1905, you got a note from him for \$205?—A. That is right.

Q. Are those all the credits appearing in your books for the year?—A. Yes.

Q. No other credit?—A. No other credit than that.

Q. What about that \$7.40?—A. I gave it out just now.

Q. What?—A. I gave it out three or four times—February 28, 1904.

Hon. Mr. CASSELS.—The statement was made some time back in your evidence.

By Hon. Mr. Perron:

Q. By allowance, \$7.40, is that it?—A. Yes.

Q. That is right according to your books?—A. That is right.

Q. Now, you have stated to me that you are in the habit of giving allowances to all your clients?—A. I did not make the statement.

Q. I think you did?—A. No. Is it on record of the court?

Q. Yes?—A. I will have it withdrawn.

Q. You told me that you were frequently in the habit—A. That is different.

Q. Well, let us see in these books the allowances which you have made?—A. To anyone?

Q. At about the same time?—A. I could not show that.

Q. That is sometime after Christmas?—A. Yes. That had nothing to do with Christmas. I explained that that probably was an allowance for something wrong with his wife's millinery, if you want to know.

Q. Is that it?—A. If you will let me trace it up I will show what it is. Can you show me that allowance, or is it missing?

Q. Missing?—A. We have nothing missing.

Q. Have you got it here?—A. No.

Q. So therefore you cannot tell me why this allowance of \$7.40 was made to Mr. Harding?—A. I will positively say it was not a gift.

Q. I am not asking you that. I am asking you if you can tell me why?—A. I cannot tell you why. It may be one thing or another. No man living can tell.

By Mr. Watson:

Q. It may appear in that book in the vault?—A. What vault?

By Mr. Perron:

Q. The bookkeeper spoke about a book in the vault. Let us go on with the next credit?—A. March, 1905, \$10.17.

Q. Cash or note?—A. No; it is goods, I am giving you the goods.

Q. Yes, you are right, 1905?—A. \$63.26 in June; September, \$19.11; December to the 31st, that is the end of the year, \$47.64.

Q. Credits?—A. There are no credits appearing in that ledger. That carries that to the February one. Now, we will see if the credits come in this one. Now, the credits against that are \$58.

Q. What is the date of the month?—A. By goods returned \$2.09, November 3rd, and by note, \$53.65, January 22.

Q. 1905?—A. 1905.

Q. Or six?—A. No, 1905.

Q. Let us keep to 1905 for the present?—A. It runs in.

Q. There is no payment?—A. No, because this is carried on further.

Q. No payment in 1905?—A. Nothing I can see here.

Q. Well, this now?—A. 1906.

Q. Goods sold?—A. May, 1906, goods, \$11.58; June, \$39.48; September, \$7.41. That makes a total to December of \$58.47.

Q. Credits?—A. Bank note, \$58.47.

Q. What is that, a note?—A. A note, October 22.

Q. Yes?—A. Then there is January, 1907.

Q. That would be all in 1906?—A. Yes.

Q. Now, let us take 1907?—A. \$5.13 in December—no, cheque \$5.13; January, March, \$9.25; and May, \$4.25.

Q. Is that all for this year?—A. That is for 1907, and then they run into this book.

Q. Credits?—A. Nothing that year.

Q. Nothing paid in 1908, no allowance?—A. No.

Q. Not on these dates?—A. No.

Q. Let us go on?—A. May, 1907, it is here in the list, 1908.

Q. Yes?—A. February 12, 1907, cash, \$42.47.

Q. Was cash paid on that date?—A. I should say so.

Q. Are you sure?—A. Well, it looks like it.

Q. Next?—A. January, \$18.50.

Q. Cash?—A. No, that is goods.

Q. Your mean?—A. I am giving you the debits now. October 30, \$28.19 and \$2—there is no date—\$28.19 and \$2. Then there is a credit account in that year, \$26.19 and \$2.07, \$7.66. 1908 there is a debit of \$27.85. that will be February; March, \$85. \$27.85, \$26.15.

Q. Those are the debits?—A. Yes. \$29.46—oh, I am carrying in the balances.

Q. I was not very much mistaken when I told you it was hard for you to follow your books?—A. I am not keeping books every day.

Q. Now, let us see the credits.

By Hon. Mr. Cassels:

Q. Those debits are not correct. They are debit balances?—A. Yes, your lordship.

Q. There are three columns?—A. I can give it best from this.

Mr. PERRON.—No, I want the books.

Hon. Mr. CASSELS.—He has three columns, debits, credits, and balances.

Mr. PERRON.—Yes, my lord. But he told me his books were very clear. I want to give a specimen?—A. They are clear.

Q. Go on. If they are so clear find out now.—A. I was at the wrong column.

Q. Please go on and rectify.—A. February 29th, \$2.75; March 30th, \$55; March 31st, \$3.31; April 30th, \$19.45; May 30th, \$5.48; June 30th, \$1.35; August 31st, \$3.73; September, \$26.12. Credits, March 13th, \$55.

Q. Cash?—A. \$1.70.

Q. What was that?—A. Goods received in the account it says.

Q. Surely, you did not get \$1.70 from him for goods delivered?—A. I don't know.

Q. Next?—A. And seven bills receivable, credit account, that is October, and October 14th, \$89.59 bills receivable.

Q. Where are the \$30?—A. There is no \$30 here.

Q. Where are they?—A. Were they entered?

Q. Yes.—A. I showed right here.

Q. Why was it not entered in his regular account?—A. Because marked special account.

Q. I see. You say that the allowance of \$33.66 is entered in this special account?—A. Yes.

Q. F. J. Harding special account?—A. Yes.

Q. Now, this is the special account you were showing me for 1907?—A. The only account we have to show you; I have shown you everything.

Q. I have no doubt about that. No special account in the other books?—A. Other than that.

Q. Let us explain this entry. What is it, what do we find the explanation of it?—A. That is all the explanation. It is just a credit of \$33.66, which was a gift.

Q. Now, Mr. Macauley, will you let us have an explanation of this entry, Fred Harding special account \$33.66, cash \$33.66?—A. Credit cash, and he did not pay.

Q. Well, this entry then is a special one?—A. Yes.

Q. And is not in accordance with the facts as they were?—A. The cash was paid by the firm.

Q. Please answer. This entry is not in accordance with the facts as they were?—A. Yes, it was cash paid into the cashier.

Q. Do you swear now that Mr. Harding gave you \$33?—A. No, I say he did not. It was the opposite. We gave him a gift of it.

Q. Then this entry which appears as if Mr. Harding paid you in cash \$33.66 is not right?—A. He did not pay us.

Hon. Mr. CASSELS.—Well, it is a false entry, that is all there is to it.

Mr. PERRON.—That is what I want the witness to say.

By Hon. Mr. Cassels:

Q. It is a false entry. You credit him with cash he never paid?—A. Yes.

Mr. PERRON.—That is all I want from you, nothing else.

Hon. Mr. CASSELS.—As far as the book goes—I am not saying anything about the propriety of it—as far as the book goes, an accountant would have to assume Mr. Harding paid the cash that day, whereas it is not correct?—A. Yes.

By Mr. Perron:

Q. Now, will you tell us why you allow your employees to make false entries in the books?—A. They were not directed. He was given the money and it would be charged up.

By Hon. Mr. Cassels:

Q. Where is the item of \$33 you allowed off, does it appear in the other account?—A. No, your lordship.

By Mr. Perron:

Q. Why not?—A. It is kept separate.

Q. Why?—A. I suppose he requested it.

Q. We do not want any supposition. Tell us why this entry of \$33.66 was not entered in the regular account of Mr. Harding?—A. I cannot tell you.

Q. How could you balance the other account without reference to that?—A. That balances there itself.

Hon. Mr. CASSELS.—It would appear the item of \$33 was not carried into the regular account at all.

Hon. Mr. PERRON.—It was not. We want a complete explanation of the whole thing.

By Hon. Mr. Cassels:

Q. You know what it means?—A. A gift to Mr. Harding.

Q. A gift of what, what is the debit of \$33, what does it represent?—A. I presume something he bought.

Hon. Mr. PERRON.—We do not want presumptions.

By Hon. Mr. Cassels:

Q. What is it?—A. Goods.

Mr. PERRON.—We want to know the fact.

Q. Who can explain to me this transaction?—A. I do not think any one could.

By Hon. Mr. Cassels:

Q. What is the date of that entry?—A. May 17th.

Q. Where is your day book?—A. It commences May 17th, the day of the fire.

Q. You have no book to show that debit is?—A. No.

Q. You cannot recollect it?—A. No.

By Mr. Perron:

Q. Who could recollect this entry, would it be you?—A. No.

Q. Who is it, your brother?—A. No.

Q. Mr. Brown?—A. I cannot say.

Q. Will you find out and bring here at half past two the party who is able to furnish a full explanation as to this entry of \$33.66?—A. Yes.

Q. I want to know from this gentleman, if you cannot tell me, why a special account was opened, why a false entry was made in the books, why this sum of \$33.66 was not carried into the regular account of Mr. Harding, why the credit of \$33.66 was made, and why you told the bookkeeper to credit \$33.66 which you had not received. I want the party who can give all that information, and I want it for 2.30?—A. Yes, thank you.

By Hon. Mr. Cassels:

Q. Another matter, Mr. Macaulay, let us know what balance is owing by Mr. Harding at the present time on the notes?—A. You say the notes..

Q. You carry it in as bills receivable. We want to know how much he owes you at the present time in notes or otherwise.

By Mr. Perron:

Q. We will take another branch. Can you tell me yourself why the gift of \$33.66 was made to Mr. Harding?—A. From friendship, I guess.

Q. I won't take any guess about it. Can you tell me why this gift of \$33.66 was made to him?—A. A friendly gift.

Q. You swear to that?—A. Yes.

Q. How do you know, are you the one who made the gift?—A. No.

Q. How can you tell me it was a friendly gift?—A. There could be no other motive.

Q. You swear to that?—A. Yes, there could be no other motive.

Q. What do you mean by a friendly gift, friendship with Mr. Harding?—A. Just a gift at Christmas time to anyone.

Q. Now, will you please show me the gifts you made at Christmas time to your other clients, show me by your books?—A. I have nothing from memory I can show you.

Q. You said now Mr. Harding is one of your many friends to whom you made gifts at Christmas time. Let me see the other gifts you made to other friends?—A. I cannot show you.

Q. There are none?—A. Possibly not.

Q. Why did you say that?—A. Possibly not in the books.

Q. Do you mean to say when you made gifts to your personal friends the same way as you did with Mr. Harding you did not open a special account?—A. No.

Q. Oh?—A. Because that is about another time of the year.

Q. I see. You had carried on from Christmas to May. Christmas at that time for Mr. Harding was the 17th of May?—A. Yes; it was written off in December.

Q. I see. You had to make a special entry on account of Christmas being carried over to the spring?—A. Exactly in that way.

Q. That is the only explanation you can give?—A. Yes.

Q. Well, now, Mr. Macaulay, let us come a little to these cheques. You had a few of these?—A. Yes.

Q. I took only one. Will you let me have the others?. Here is your book; I think you will find it in there.

By Hon. Mr. Cassels:

Q. What is the meaning of that entry there in 1908, the cheque there is marked loose, it is not put among the cheques for 1908—\$125—did that mean you were going

to lose it?—A. No, meaning loose in the till, to be used later to see what date that dropped out.

Q. It was left loose in the till until deposited?—A. Yes.

Q. I see in the other cases you marked the cheques?—A. That might be just marked at the time.

Q. I see \$375 is put here among cheques?—A. What date is that, your lordship?

Q. April 9, 1908. All right.

By Mr. Perron:

Q. You now show me a cheque dated February 21, 1908, drawn on the Bank of Montreal. Pay to cash or bearer \$325, signed Macaulay Brothers & Co. No endorsation on that?—A. What date?

Q. February 21, 1908. And you tell me this is a cheque which was given to Mr. Harding?—A. It was.

(Cheque marked Exhibit 258.)

Q. Why?—A. In exchange for his cheque.

Q. How do you know, you have no entry in your books?—A. Just wait, I will show you.

Q. None whatever?—A. Yes.

Q. In your regular books?—A. have it entered here, three hundred and—

Q. \$325?—A. We have a cheque here on the 22nd that went into our cash for \$325.

Q. Yes. But what makes you say this was Mr. Harding's cheque?—A. That was held.

Q. Please answer my question. What makes you say this was Mr. Harding's cheque?—A. Because we had no other cheque in exchange at that time.

Q. That is to say, you did not exchange cheques with any other men than Mr. Harding, and therefore any loose cheque in your till must be from him?—A. Yes.

Q. That is your process of reasoning. That is it, you did not exchange cheques with anyone?—A. Not at that time.

Q. Let us get on with another one. You show me a cheque dated April 9, 1908, drawn on the Bank of Montreal. Pay to cash or bearer \$375, no endorsation?—A. No.

(Cheque marked Exhibit 259.)

Q. And you tell me this is a cheque given by your firm to Mr. Harding?—A. I do.

Q. Please tell me what makes you say so?—A. The same reason. I have it in this book here.

Q. That is, as you were making no exchange of cheques with any other person, and as you say this cheque was loose in your till, it came from him?—A. Yes.

Hon. Mr. CASSELS.—That is marked differently. That is marked loose, the other is marked cheque.

By Mr. Perron:

Q. What does loose mean?—A. It is loose in the cash.

Q. Is it still loose?—A. No, it has been paid.

Q. Now, another one, June 29, 1908, drawn on the Bank of Montreal. Pay cash or bearer \$325, no endorsation?—A. The same answer to that.

(Marked Exhibit 260.)

Hon. Mr. CASSELS.—What is the entry of that?

By Mr. Perron:

Q. Was that a loose one?—A. No.

By Hon. Mr. Cassels:

Q. The 29th of June, 1908?—A. Three hundred and—

By Mr. Perron:

Q. \$325.—A. Well—

Q. What is the entry?—A. Loose.

Q. Q. Loose also?—A. Nearly every case.

Q. Nearly all loose?—A. There are a number of cheques.

Q. When not loose what are they, let us find the difference between the two?—A. When loose they are deposited on the same day, your lordship will see from the different pages.

Q. I do not understand it?—A. You do not?

Q. You mean to say when they are deposited they get loose?—A. No; when you hold them in your cash.

Q. They are not loose?—A. They are loose then until paid, and then we deposit them two or three days after; I think the greatest period is six days.

Q. Now, will you let me know, without giving the names, with how many people you exchanged cheques here in St. John?—A. No one.

Q. During all that time?—A. No.

Q. Please. You do not know what I am going to ask you. During all that time you were exchanging cheques with Mr. Harding, were you exchanging cheques with some other party?—A. No.

Q. Anybody else?—A. No.

Q. You are not money lenders?—A. No, we have not got any to lend.

Q. No, just selling goods?—A. Yes.

Q. Now, all the cheques which Mr. Harding gave you were payable to your order, no doubt?—A. Payable to cash, I think, the same way.

Q. Why not to your order?—A. They may have been, they may have been endorsed.

Q. I want to know?—A. I cannot say unless I see the cheques.

Q. You must remember?—A. No.

Q. Have you any doubt?—A. If you can show me the cheques.

Q. No, I won't show them to you for the present. I want to know from you if you have any doubt whatever if all the cheques you got from Mr. Harding are made payable to cash or bearer—I mean in that connection, the exchange of cheques?—A. I think the majority to cash or bearer.

Q. I am not talking of the majority. Were they all?—A. I cannot say.

Q. Have you any doubt that not one of them was made payable to the order of your firm?—A. I cannot say.

Q. Is there any doubt?—A. That they were made payable to the firm?

Q. To cash or bearer, not one payable to the firm of Macaulay Brothers & Co.?—A. I could not say.

Q. Well, just think?—A. I am thinking.

Q. Well, what do you remember?—A. I don't remember.

Q. You cannot remember?—A. I cannot remember without seeing what the endorsement or what the draft was like.

Q. Is it not a fact to your knowledge, that you knew it, that all the cheques you got from Mr. Harding were made payable to cash or bearer—I mean those in connection with the exchange of cheques?—A. You are asking if it is not so.

Q. If it is not so?—A. I cannot remember.

Q. Utterly impossible for you to remember?—A. It is very hard, you know, to remember, because so many cheques are payable to cash.

Q. You have given me three cheques altogether?—A. Yes.

Q. You have stated to me that for a long period of years you have been exchanging four or five cheques every year?—A. Yes.

Q. Where are the others?—A. I cannot say. They are all I could find in this lot.

Q. What have you been doing with them?—A. Here are the remains of what came out of the fire (exhibiting).

Q. What have you been doing with them?—A. Nothing. They were consumed like the stubs.

Q. You cannot find them?—A. No, they are not in existence.

Q. During all this period of years which covered the exchange of cheques you were doing business with the Marine and Fisheries Department?—A. Yes.

Q. Selling them goods?—A. Yes.

Q. Through Mr. Harding?—A. Yes.

Q. He was receiving your goods?—A. Yes.

Q. Approving of them as to quantity and quality, and fixing prices?—A. Yes.

Q. And during that period you were giving him allowances on his accounts?—

A. We were not.

Q. Will you swear you never made him allowances?—A. Just one.

Q. You were doing it?—A. Just once.

Q. I am asking you if you did?—A. Just once.

Q. And that covered this one, you were making a false entry in your book about it?—A. Credit, cash and profit and loss.

Q. And during that time you were exchanging cheques?—A. Yes.

By Hon. Mr. Cassels:

Q. I notice in this book, Mr. Macaulay, that you have on every page on each day of every month a list of cheques?—A. Yes, paid into customs.

Q. A list of cheques. They are all put there in detail, and on one or two occasions those cheques of Mr. Harding's are put among the list of cheques?—A. Then they would be used that day the same as these are?—A. No, they are not, because on other occasions they are put in as loose. Take \$325, first of February, 1908?—A. Twenty-two it appears on.

Q. That appears on the cheques?—A. Yes.

Q. Now, turn to April 9?—A. That is due the same day.

Q. Turn up April 9?—A. That is due the same day.

Q. Have you any memorandum from which you can show when those notes were paid?—A. I can show from the deposit in the bank.

By Mr. Perron:

Q. You have the notes?—A. I have only one note.

Q. You have that. Do not forget the gentleman. I want the party who is able to explain the whole situation.

(Witness' cash balance book marked Exhibit 261.)

(Adjourned at 12.45 p.m., to 2.15 p.m.)

2.15 p.m.—Examination of Mr. Macaulay continued :

By Mr. Perron:

Q. Well, Mr. Macaulay, you were to have somebody here from your firm who would explain this special entry?—A. Yes, sir.

Q. Have you this man here?—A. I have.

Q. You will please give me his name?—A. Mr. Brown.

Q. He is the gentleman who will be able to explain?—A. Yes.

Q. Well, we will have his evidence later on. Have you here any promissory notes in the possession of the firm signed by Mr. Harding?—A. Yes, sir.

Q. You now exhibit to me a note dated October 14, 1908, four months after date for values received, I presume, to pay Macaulay Brothers & Co. \$157.80, at the Bank of Montreal here in St. John. Signed F. H. Harding?—A. F. J., is it not?

Q. F. J., you are right. Customs, is it?—A. That means his address, that is our own adding.

(Note marked Exhibit 262.)

Q. This note, I understand, is the balance coming due on his account?—A. Up to that date?

Q. On his account?—A. Yes.

Q. His account to October 14, 1908?—A. Yes, due February 17.

Q. He made a settlement on October 14, 1908, of all his account to date?—A. Of his account for that time.

Q. That deduction being made of the \$7.30 and the \$33.66?—A. No, the \$33 does not appear in this, that is a separate account.

Q. A separate account?—A. Yes.

Q. You have already stated, I believe, that the cheques which were given to you by Mr. Harding would be made payable to cash or to bearer?—A. Or bearer, yes.

Q. Now, this cheque dated November 20th, 1907, drawn on the Bank of Montreal and payable to cash or bearer for \$256.20, would represent one of the transactions made by your firm with Mr. Harding?—A. I have not seen this cheque before.

(Cheque marked Exhibit 263.)

Q. Never seen this cheque before? Well, will you look to see, you will notice it is endorsed by the firm of Macaulay Brothers & Co?—A. Yes.

Q. Well, that would no doubt represent one of the cheques given to you or to your firm in connection with the transactions you have mentioned this morning?—A. Possibly.

Q. Well, have you any doubt about it?—A. I cannot say, I have no record of it here.

Q. You have no record of it here?—A. In that small book.

Q. You have no record here at all?—A. Only in that book.

Q. Then I have also a cheque dated 30th June, 1908, drawn on the Bank of Montreal, payable to cash or bearer for \$325, signed by Mr. Harding and endorsed by your firm. That would also represent one of the transactions?—A. Yes, I presume so. I could tell if I had the book, your lordship.

(Cheque marked Exhibit 264.)

Q. You have no doubt?—A. I would rather have it beyond doubt.

Q. All right.—A. That is June 30th?

Q. Yes.—A. Yes, I see that is one of them.

Q. Also another cheque dated July 15th, 1908, drawn also on the Bank of Montreal, payable to cash or bearer for \$125.—A. How much is it?

Q. \$125.—A. Yes.

(Cheque marked Exhibit 265.)

Q. Another one dated August 18th, 1904, for \$190, payable to cash or bearer, and drawn on the Bank of Montreal?—A. 1904?

Q. Yes.—A. I have no record at all.

Q. Your record starts from?—A. Well, this kind of a record we have only to about this date.

Q. This book will start from what date?—A. December, 1907.

Q. Prior to this it is utterly impossible for you to find out any date about the transaction?—A. Yes.

Q. Then it would be impossible for you to give me any information as to another cheque dated February 27th, 1904, for \$68?—A. It would.

(Marked Exhibit 266.)

(Cheque dated August 18th, 1904, for \$190 marked Exhibit 267.)

Q. Now, will you please tell me what was the transaction represented by this cheque dated February 21st, 1908, for \$225 drawn on the Bank of Montreal and payable to cash or bearer?—A. 1908?

(Marked Exhibit 268.)

Q. Yes.—A. It is here.

Q. Loose?—A. No, tight.

Q. This one was tight?—A. Redeemed the same day.

Q. Now, another one, March 6th, 1908.

By Hon. Mr. Cassels:

Q. You mean by loose that the amount was payable whenever he liked?—A. Your lordship, the payment by this record was within two or three days.

Q. You use the term tight because it was paid almost immediately?—A. It went to the bank the same day.

Q. You call that tight?—A. He said loose; I said tight.

Q. By loose you mean payable whenever he choose?—A. Not quite as far as that.

Q. Not quite as far as that, nearly so?—A. Within two or three days.

By Mr. Perron:

Q. Then take March 6th, 1908, drawn on the Bank of Montreal, payable to cash also, \$357, and let us know whether it was a loose or a tight one. (Marked Exhibit 269)?—A. That was evidently the same day it was given.

Q. Loose?—A. No, tight.

Q. Were they generally loose or tight—let us see by this book?—A. They are here.

Q. You told me this morning most of them were loose. Let us find out.—A. Well, where they are loose they have been held three days according to this book.

Q. That is what I am asking you, whether they are loose or tight, most of them? A. Under the head of most of them two or three.

Q. Were tight?—A. Redeemed the same day.

Q. I understand they were tight ones. Now, you received many cheques every day?—A. Yes.

Q. Are they generally loose or tight cheques you receive?—A. Quite a few loose ones.

Q. In St. John?—A. A great many.

Q. Some of them tight?—A. And some of them we put in the cash box.

Q. Outside of Mr. Harding?—A. Yes.

Q. Some of them to-day tight?—A. And some to-day in the cash box.

Q. Are they in the employ of the government, those people?—A. I do not implicate any employees.

Q. I want to know. You tell me you have some loose cheques?—A. None of government officials.

Q. I should like to know whether they are people in the employ of the Department of Marine and Fisheries?—A. Not one.

Q. Not one?—A. Not one.

Q. Now, can you tell me whether this cheque of \$205.82 dated May 28th, 1905—can you tell me why it was made payable to order or bearer and not to cash? What is the difference of this cheque made payable to your firm or order and the other cheques made payable to bearer?—A. I cannot tell.

(Cheque marked Exhibit 270.)

Q. You must have a reason?—A. I presume there is from what you say. I have no reason.

Q. You cannot tell me why in some cases cheques are payable to cash or bearer and in some other cases they are made payable to cash or order?—A. No.

Q. The same applies to a cheque of \$30 dated August 16th, 1906?—A. That may have been on his account.

(Cheque marked Exhibit 271.)

Q. Would they be on his account?—A. It may have been.

Q. Will you look and see. We may save a little time, Mr. Macaulay, if you can tell me. I presume that all the cheques which were given to you—A. Were received.

Q. On account of his account were made payable to your firm or order and the others were made payable to cash or bearer?—A. Yes, I think that is cash, sir.

Q. Now, here is another one for \$2.27 dated October 25th, 1906.

(Marked Exhibit 272.)

Q. Now, those two small cheques are made payable to Macaulay Brothers, so they would also be on account of goods I suppose, that is to say, there would always be the same distinction?—A. They appear that way.

Q. Goods, payable to Macaulay Brothers or order; loans, to cash or bearer?—A. It looks like it.

Q. You have no doubt?—A. I have no doubt.

Q. Now, Mr. Macaulay, in order to close your examination, if you can, I do not presume you are going to tell us that anyone in the town of St. John could go to your firm and get cheques to the extent of \$4,000 or \$5,000 the way Mr. Harding has been getting them?—A. Not at a time, \$4,000 or \$5,000, or Mr. Harding either.

Q. How much did Mr. Harding get on an average?—A. He got at different periods of the year \$325 to \$375, and he had that for a few days.

Q. And transaction were carried over the whole year?—A. No; he would come in, probably we would receive notes sometimes and we would forward and get some exchange.

Q. The usual way was these transactions took place between your firm and Mr. Harding at a period of three months?—A. It appears from the cheques.

Q. You have no doubt, outside the cheques, in your own mind?—A. I would rather go by the cheques.

Q. In your own mind you have no doubt this thing has been carried on every three months for a number of years?—A. A number of years, but—

Q. That is right. I want to know from you if it was your practice to exchange cheques that way with everyone in the town of St. John?—A. No.

Q. No, of course, as you know, Mr. Harding was the agent of the Marine and Fisheries Department?—A. Yes.

Q. And to go a little further, this of course did not prevent you from loaning him money?—A. He being that, did not prevent it?

Q. No.—A. No.

Q. Do a little?—A. In what way?

Q. A little easier?—A. How?

Q. Would you sign a little quicker than if he had not been agent?—A. What?

Q. You would sign cheques to cash or bearer for him with a little more grace than if he had not been the agent?—A. No.

Q. You swear to that?—A. Yes.

Q. Do you undertake to swear now that if Mr. Harding had not been agent of the Marine and Fisheries Department you would have advanced cash to the extent you did?—A. At the date I might.

Q. I am not asking what you might have done. Would you?—A. I would.

Q. Do you swear to it?—A. Yes.

Q. You swear?—A. Yes.

Q. That you did so?—A. I would do so.

Q. That you did so?—A. What?

Q. Only on account of friendship?—A. On his personality purely.

Q. On account of friendship?—A. And his personality.

Q. And the fact that he was the agent of the Marine and Fisheries Department had nothing to do with it?—A. If a man of that position would come to me—

Q. I am not asking you whether or not. Would you have advanced to Mr. Harding to the same extent you did if he had not been the agent of the Marine and Fisheries Department here?—A. Yes.

Q. You swear to that?—A. Yes.

Q. You would have also given him discounts?—A. I give no discounts.

Q. Well, allowances?—A. I give no allowances.

Q. \$32 and some odd cents?—A. Is a gift.

Q. Yes. Would you have also have given that to him if he had not been the agent of the Marine and Fisheries Department?—A. I might have.

Q. Would you?—A. I am not certain.

Q. Would you?—A. I did.

Q. Would you have done it if he had not been agent?—A. I don't know; he would be another individual then.

Q. Another individual, Mr. Macaulay, do justice to yourself?—A. I have been trying to all day.

Q. That is all I am asking you to do. Are you going to swear to his lordship now that you would have given to Mr. Harding what you did give him if he had not been the agent of the Marine and Fisheries Department here in St. John?—A. Does his lordship think—

By Hon. Mr. Cassels:

Q. If you say you would have, I won't believe you.—A. That I would have?

Q. No, you would not have done it. You know just as well as I do you would not have done it. What is the use of talking? We have to judge these things by the facts, the surrounding circumstances and by human nature and what people do.—A. I had no motive.

Q. I dare say you did not think you had a motive—I am not saying you had—but by the facts and the surrounding circumstances you have got to be judged the same as other people. You were dealing with the agent, you might have furnished ample goods, good goods, notwithstanding there is the relationship and the facts surrounding the case. You have just got to take them as they are. It is all nonsense to say you would do it for other people and so on.—A. Your lordship, I have done it for other people.

Q. I dare say. The inference is too plain to bother about any further examination of that kind.

Mr. PERRON.—I do not think I will pursue it.

By Hon. Mr. Cassels:

Q. I would like to know what that special account means, what would that be made up of?—A. I cannot say.

By Mr. Perron:

Q. You cannot say. Now, listen before we close. You are going to swear of course that you have no knowledge whatever of this special account?—A. I gave you my knowledge this morning.

Q. Had you knowledge at the time?—A. No.

By Hon. Mr. Cassels:

Q. You were asked to find out?—A I was asked to bring the gentleman who made the charges.

Q. Have you found out what that represents. You made a Christmas present in May of \$55.60?—A. No, it was made in December. The goods were furnished in May according to the book.

Q. You made a present in May, dating it back?—A. No. The goods were procured in May, and the other months, and the gift was made in December.

Q. The gift was entered in May and dated back to December?—A. No, sir.

Q. Where is the evidence you gave him the gift at Christmas, I would like to see that?—A. Where you see cash charged up in December, as I showed you this morning.

By Hon. Mr. Perron:

Q. What was the gift for?—A. Friendship.

By Hon. Mr. Cassels:

Q. Mr. Macaulay, you gave this man a gift at Christmas time for some reason or other, we assume that?—A. Yes.

Q. What was the necessity of cloaking that up in May by showing it was a cash payment for goods furnished in May, what is your motive?—A. The goods were furnished in May and written off in December.

Q. It was not written off, there are the books showing the dates.

By Mr. Perron:

Q. What was the motive of putting that in as cash?—A. To clear up the account.

Q. To cloak it up?—A. No, to clear it up.

Q. Why did you enter this cash?

By Hon. Mr. Cassels:

Q. Where is the entry?

Mr. WATSON.—Why did you not write it out as a gift?

By Mr. Perron:

Q. Why did you put it as cash?—A. I didn't do it at all.

Q. Why was it done by your firm?—A. I suppose just to have the thing straight in the books and balance it.

Q. Now, who did it?—A. I will just tell you in a minute.

Q. Who, Mr. Brown?—A. He may have directed, he did not do it.

Q. Did you give some money to the accountant for that?—A. For doing this?

Q. No. Did you give him an amount to enter as cash?—A. No.

Q. What did you tell him?—A. I did not tell him anything.

Q. What was told him?—A. I cannot say.

By Hon. Mr. Cassels:

Q. Where is that entry—that would not be the entry (indicating)?—A. This is the cash-book.

Q. I want to see the ledger entry. My recollection is that it is entered in May? —A. No, your lordship.

Q. I want to see it?

By Mr. Perron:

Q. I see by your cash book at page 79, which we are going to have marked, that you have entered there, cash \$33.30 on the 28th December?—A. It is Manning.

Q. J. K. Manning?—A. That must be a different person.

Q. Well, let us find it. Can you get the exact amount? We can suspend your examination. Get your books, and we will come back to it.

By Hon. Mr. Cassels:

Q. I want that explained?—A. Yes, your lordship.

Mr. WATSON.—Is Mr. Vroom here or his partner Mr. Arnold?

(No response).

Mr. WATSON.—I gave them notice, my lord. In the meantime I file upon the record 29 cheques payable to cash with the name either of Mr. Vroom or of the firm of Vroom and Arnold endorsed on the back of them, all payable to cash. The largest one is \$800.

Hon. Mr. CASSELS.—Made by whom?

Mr. WATSON.—Made by Mr. Harding. These altogether, running into one another more or less I dare say, amount to about \$7,000 for the two or three years. I file them together, my lord.

(File of cheques marked Exhibit 273).

Mr. GEORGE McAVITY, called, not present.

Miss ETHEL W. MELICK, sworn.

By Mr. Watson:

Q. Have you been assisting at the books of the St. John Iron Works Company? —A. Yes, sir.

Q. How long have you been working at the books?—A. Since July, 1907.

Q. I see, more than a year, have you been the book-keeper?—A. Yes, sir.

Q. The regular book-keeper since that time?—A. Yes, sir.

Q. Have you made entries in the books during that time in any account of Mr. Harding's, between Mr. Harding and the company?—A. Made cash entries.

Q. Eh?—A. I have made cash entries.

Q. Cash entries in the cash-book?—A. Yes, sir.

Q. In Mr. Harding's name?—A. No, sir.

Q. Not in Mr. Harding's name?—A. No, sir.

Q. Did you know that the money was given to Mr. Harding?—A. Yes, sir.

Q. Were you told not to enter Mr. Harding's name?—A. I was told to keep it as cash.

Q. I see, you were told to keep the matters with Mr. Harding as cash entries, is that right?—A. Yes.

Q. Who told you to do that. Mr. McDonald?—A. Mr. McDonald.

Q. Mr. McDonald. There were cheques issued and delivered to him, and you were told by Mr. McDonald, to keep all those entries as cash entries?—A. Well, because the cheques were made payable.

Q. I did not ask you because. Just what you were told. That is what you were told, was it?—A. Yes, sir.

Q. That is what you were told, I see. And you knew they were going to Mr. Harding?—A. Well, I may not have known at the time.

Q. Well, you knew very soon after?—A. Yes.

Q. And not in any case did you charge them up to Mr. Harding?—A. No, sir.

Q. And is it possible now from your books to make up a statement of what moneys Mr. Harding got?—A. Yes, sir.

Q. By looking it the book itself without reference to the cheque-book?—A. No, sir.

Q. No. Then the only record is in the cheque-book?—A. Yes.

Q. And the cheque-book shows merely cash?—A. Yes.

Q. That is the way. So you would have to pick out the cash entries and apply those to Mr. Harding. That is right, is it?—A. Not all.

Q. Eh?—A. Not all.

Q. How are you going to discriminate between Mr. Harding and someone else. would it be possible to do so from the book?—A. No, sir.

Q. It would not be possible to do so, I see. Then in connection with that you understood there was something that should not appear on the face of the book, Mr. Harding's name should not appear on the face of the book? That is the long and short of it, is it not, that is, what you understood?—A. According to the cheques.

Q. According to that. That will do?

MR. WARSON.—Is Mr. George McAvity here?

(No response.)

Q. Just a word, Miss Melick, do you see these cheques, there is one for September 11th, 1905. (Exhibiting.)—A. That is before I had to do with the books.

Q. Can you tell anything about that. That is for \$202, the St. John Iron Works, signed by Charles McDonald. There is Mr. Harding's name on the back of it. That would not appear in the books as charged to Mr. Harding?—A. No.

(Cheque marked Exhibit 274.)

Q. Here is another one, April 6th, 1906, \$390, that is just the same way?—A. Yes.

(Marked Exhibit 275.)

Q. Another one by the company, August 4th, 1906, \$395, just the same way?—A. Yes.

(Marked Exhibit 276.)

Q. Another one November 12th, 1906, \$430, that is the same way?—A. Yes.

(Marked Exhibit 277.)

Q. Another one, February 13th, 1907, \$465, I suppose that was in the same way?

(Marked Exhibit 278.)

Mr. WATSON.—Is Mr. McAvity not here yet? Well, I will call Mr. Mooney.

PATRICK J. MOONEY, sworn.

By Mr. Watson:

Q. Mr. Mooney, what is your business here?—A. General contractor.

Q. General contracting?—A. Yes; brick manufacturing.

Q. Oh, down to the bricks eh?—A. Yes.

Q. And the firm, apparently from the papers I have, is B. Mooney & Son?—A. Yes, sir.

Q. You are Mr. B. Mooney, or the son?—A. I am the son, B. Mooney is dead.

Q. Your father is not living. You and another brother with you make the firm?—A. Yes, sir.

Q. Just the two of you?—A. Three.

Q. That is two brothers with you in the firm. And your business is manufacturing bricks?—A. Manufacturing bricks and builders contractors.

Q. Manufacturing brick and general builders, I see. And you appear to have had quite a considerable amount of transactions with the Department of Marine and Fisheries?—A. Yes, covering quite a period.

Q. Covering quite a period, from 1904 on to the present time, running up to quite a little sum. They have been very good customers of yours?—A. Fairly good.

Q. Perhaps the largest customer?—A. No, sir.

Q. Not the largest, I see. What have you done for them?—A. Well, we have supplied them men, brick,—

Q. Wait. Give one at a time. You supplied men?—A. Yes.

Q. What did they want men for?—A. Well, to build reservoirs and a pier.

Q. I see. They wanted men to build reservoirs?—A. Yes.

Q. And you supplied the men?—A. Yes.

Q. I mean to say you lent them the men?—A. No, we hired them the men.

Q. I see. You did not make any contract, no written contract?—A. No, no written contract.

Q. There never has been a written contract?—A. Well, they have asked for a price and we would send them in sometimes, sometimes they don't.

Q. I see, sometimes they don't. Usually they don't, usually it has been a matter of prices not being fixed beforehand?—A. No; generally fixed beforehand.

Q. Is that right?—A. Quite a number of times.

Q. I see. That is two or three times out of how many?—A. Oh, it might be—well, I couldn't say that from memory, but it is more than two or three.

Q. More than two or three?—A. Yes.

Q. Altogether you have had with the department how many, 20 or 25 transactions, more than that I suppose?—A. I should judge more than that.

Q. 40 to 50 transactions?—A. No, I should not think.

Q. Somewhere over 20, 20 to 25 transactions, and out of that two or three more, five times perhaps, the prices were fixed?—A. It might be a dozen times.

Q. It might be nearly half. The prices have been fixed, by whom, Mr. Harding?—A. Mr. Harding would ask us to put a price on a certain thing, for instance, brick.

Q. What kind of thing would he ask for prices on?—A. The price of brick.

Q. For what purpose?—A. Well, wherever we want to go, to Gannet Rock, Grand Manan and Partridge Island.

Q. He would ask for a price on brick. We are talking about bricks now only.—A. Yes.

Q. Your prices vary up and down?—A. Yes.

Q. Up as much as you can get, down as low as you have to go?—A. Yes.

Q. That is it. Perhaps there are a good many others in the same business?—A. Only one.

Q. Who is he?—A. Mr. Lee.

Q. So you and he have the business between yourselves, it is a matter of competition between you and him?—A. It is a matter of competition between us.

Q. You never knew of any tenders being asked for?—A. Well, I presume they would ask for prices, as to tenders I could not say.

Q. You could not say. You sell then at not less than retail prices?—A. No sir, we did not.

Q. You did not get down lower than retail prices, no wholesale prices?—A. No.

Q. And then the margin above cost, I suppose, runs to 40 or 50 per cent, along there?—A. Sometimes, just according to the weather.

Q. I see, it depends on whether the sun is shining?—A. Yes. In a good dry summer we can make them cheap, in a wet summer we cannot.

Q. If the sun is shining you charge more or let him off easier, which is it?—A. No, we have a general price.

Q. I see. But the average, I suppose, was 40 or 50 per cent above the cost in your business, perhaps more than that?—A. No, I don't think so.

Q. Not more than that. You would be satisfied with 40 or 50 per cent?—A. Yes, I would be satisfied with less.

Q. Satisfied even with less?—A. Yes.

Q. As a rule from the Department for brick you got how much, 40 to 50 per cent above the cost, as a rule, taking a fair average?—A. We sell at the market prices.

Q. I dare say. It is the market price whatever you can get?—A. No, not necessarily.

Q. Well, usually 40 to 50 per cent, just speaking of the prices you got from the Department, they would be 40 to 50 per cent above cost?—A. The price we got from the Department is the price we sell to Manchester, Robertson & Alison or anyone else.

Q. I am not asking that. I am asking you how much above cost price you got from the Department as a rule, above 40 or 50 per cent?—A. I could not answer that.

Q. I see, that is coming too close home, is it? Well, at all events, it is a good round profit no doubt, you would hope to have a good profit?—A. We could not live unless we had.

Q. And about half the time you have understandings before hand, and the other half time you do not have. And what else do you furnish besides brick and besides labour?—A. Well, that is—

Q. When you supply the labor you get the men at a certain price per day or per hour?—A. Yes.

Q. And of course you make your profit on that?—A. Yes.

Q. I suppose double on that?—A. We get men at \$3.60 and \$3.85, and we charge the Department \$4 and \$4.25.

Q. That is not very much?—A. No, I should think not.

Q. \$4, and \$4.25, that is not very bad at all.

By Hon. Mr. Cassels:

Q. Did you supply the Government with these men, or did the men do the work for the Government under contract?—A. No. The Government—there was something got wrong with the fog whistle or some repairs down along the coast and they would come to us, and we always have a lot of men.

Q. They would do the work themselves, just hiring the men from you?—A. Yes.

By Mr. Watson:

Q. Why did they not hire the men themselves, instead of hiring them from you?—A. They could not get them.

Q. Probably they could not, maybe they could. At all events, that is the system pursued?—A. Yes.

Q. That system in which you got a certain profit as a sort of middleman between the Department and the laborer?—A. Why—

Q. That is the way it works out?—A. That is the way it works out.

Q. Not your fault, of course. Well then, you have known Mr. Harding for some time?—A. Yes, sir.

Q. In a business way?—A. Yes, sir.

Q. He has been agent here of the Department?—A. Yes, sir.

Q. And you got your orders from him personally?—A. Yes, sir.

Q. By telephone?—A. Telephone.

Q. Telephone order, chiefly, I see, to go and do so and so and so and so?—A. Yes.

Q. That is the extent of the order. That gives a pretty free hand?—A. I always found it very close.

Q. You always found it very close, I see. And then you would send in your account afterwards?—A. Yes, sir.

Q. Pretty soon after you did the work, I suppose?—A. Sometimes, sometimes we would not.

Q. And you got paid by Mr. Harding's own cheque or by a cheque from the Department?—A. Sometimes by a cheque from the Department, sometimes Mr. Harding's own cheque I presume.

Q. Indeed, really.—A. I couldn't say. The cheques came there.

Q. You cannot tell, you do not remember now whether they were Mr. Harding's own cheque or Departmental cheques?—A. I think some of them were his own cheques.

Q. You knew he had to certify the accounts in the ordinary course?—A. Well, the bookkeeper could state that.

Q. I see. I have got your accounts here. So the accounts would be certified no doubt by him. Let us see whether in fact they were. Yes. 'I hereby certify the articles named have been received and that the prices charged are fair and just.' That is signed by Mr. Harding. I suppose that is signed on all of them, it appears to be—yes. And then others certified, did you know Mr. Kelly, the Inspector of Lights?—A. Yes, sir.

Q. Mr. Kelly, you used to see him quite often?—A. I would see him several times.

Q. Several times, I see. And then, coming down to it, he would like a present now and then?—A. No, sir.

Q. How do you know he did not?—A. He never approached me.

Q. He never asked for one?—A. Which?

Q. For a present or something?—A. No, never.

Q. Did you ever give him any?—A. He borrowed \$40 from me once.

Q. I see. It is the same old borrow?—A. No. He borrowed \$40 from me and he sent me a moose's head.

Q. I see. He afterwards sent you a moose's head?—A. Yes.

Q. I suppose you had more moose than you knew what to do with?—A. No, I wanted one.

Q. When did he get the \$40 from you?—A. I should think about the 22nd of June.

Q. Of this year?—A. 1906.

Q. 1906?—A. Yes.

Q. Where were you when he borrowed the money from you?—A. One evening at the post office.

Q. Yes.—A. He was going away. He asked me if I had \$40 about me.

Q. June, 1906. I suppose that is the date of one of these accounts?—A. No, sir, I don't know.

Q. I see one here of the 28th of June, 1906, a small one. And he asked you for the \$40 and you gave it to him in cash?—A. Yes, sir.

- Q. Or did he have a cheque ?—A. No, I don't think so.
 Q. You gave him cash out of your pocket ?—A. Yes.
 Q. Do you remember whether you did or not ?—A. I would not be positive. I think it was cash out of my pocket.
 Q. You think it was, you are not quite sure ?—A. No.
 Q. When you went home whom did you enter it up to, cash ?—A. Which ?
 Q. The \$40 ?—A. No; I told the bookkeeper to enter it up to John Kelly.
 Q. Let me see that book ?—A. I have sent for it.
 Q. I would like to see that book ?—A. I had them here yesterday.
 Q. What is the name of the bookkeeper ?—A. McKinna.
 Q. And did you ever find out whether he did it or not ?—A. Oh yes, I found he did.
 Q. That he entered it up to John Kelly ?—A. Yes, to John Kelly.
 Q. When was that, after you got the moose head or before ?—A. No, it was before he got the moose head.
 Q. At all events, it was entered up against him ?—A. Yes.
 Q. And put down as a loan ?—A. Yes, put down as a loan to be returned.
 Q. Then how about the moose head ?—A. There was nothing said about it. The moose head came.
 Q. And you wiped off the other ?—A. No, I didn't; it is on the books yet.
 Q. I thought you said one stood against the other ?—A. I said I never billed him.
 Q. So from June, 1906 you never sent any account for the \$40 ?—A. Yes.
 Q. And you do not intend to ?—A. No.

By Hon. Mr. Cassels:

- Q. When did the moose head reach you ?—A. About Christmas time.
 Q. Of this year ?—A. No, 1907.

By Mr. Watson:

- Q. That had nothing to do with the \$40 ?—A. I say I never billed him with it.
 Q. Did you see him often after that ?—A. Yes.
 Q. You saw him every few days after that ?—A. No, months.
 Q. June, 1906, when did you see him next ?—A. I can't remember.
 Q. The same month ?—A. He being in the custom house I might meet him on the street.
 Q. I know what might be. But as a matter of fact you saw him every few days ?—A. Yes.
 Q. Did you ever say anything about the \$40 ?—A. No.
 Q. Did he ever say anything about the \$40 ?—A. No.
 Q. Has he never spoken about it since ?—A. Oh yes.
 Q. When ?—A. I guess six or eight months ago. He says ' It is near time I was paying you that \$40.'
 Q. That was when ?—A. About six months ago.
 Q. That may be so, about six months ago. You are not certain. It may be a couple of months ago, it may have been last month or so it was spoken. You could not be sure ?—A. No. It was six months before.
 Q. Before we got here ?—A. I don't think it made any difference your coming here.
 Q. Of course it would not, not the slightest, but I mean to say it is before this week ?—A. Oh yes.
 Q. Before the beginning of this week he said it was near time you were getting the money back ?—A. Six months ago.
 Q. After the moose head came in ?—A. Eh? No, the moose head came in a year and a half ago.
 Q. So the moose head had nothing to do with it—A. No.

Q. So that occurred, that he still stands owing you the \$40?—A. That was not a matter of much importance to you, of course \$40 is only a trifle, you did not ask him for it?—A. No, I did not

By Hon. Mr. Cassels:

What did you say to him when he said it was about time he paid you back the \$40?—A. I said, there is lots of time.

Q. Did you not say it was wiped out for the moose head?—A. No.

Q. It is only now you are wiping it out, is that it?—A. That never came into my head.

Q. That is your answer just now.

By Mr. Watson:

You gave him to understand it was wiped out now?—A. No, it is on the books yet.

Q. The moose head is on the books too?—A. No, it is hanging on the wall.

Q. You could not look at it without thinking of the \$40, without thinking of Mr. Kelly. And who else?—A. None that I know of.

Q. Did somebody else know of it?—A. No, none of our firm.

Q. But that 'none that I know of' is very uncertain?—A. Well, I generally am the only one.

Q. Well, why do you say you do not know of? You might say that of somebody else that is not managing the business, but the man who is managing the business generally knows what is going on. Did it take some other form?—A. No, he never got one cent.

Q. Not money, but what else besides money?—A. Well, nothing.

Q. What?—A. We have done some repairs at his house.

Q. Yes, I know.—A. And charged it up against him on the books.

Q. And not paid?—A. And not paid.

Q. And that is some years ago too?—A. Oh, it might have stood two or three years.

Q. Three or four or five years, I see. Did that amount to \$150?—A. No, sir, it would not.

Q. Well, how much would you say?—A. Well, the whole thing, the \$40 and all would amount to \$135.

Q. Altogether?—A. We had his son working with us. I didn't know which to charge.

Q. Did you charge it to the boy?—A. To the boy or to him.

Q. You never charged it to the boy?—A. No sir.

Q. And you never asked him for that?—A. No sir.

Q. And he has never offered to pay you?—A. Lots of times.

Q. He has never offered to pay you?—A. No, certainly.

Q. I see. Now then, the other, what was the other with him?—A. Which?

Q. With him?—A. Nothing.

Q. Try again?—A. Eh?

Q. Can you try again?—A. With him?

Q. Yes, try and think, please?—A. I think there was a box of cigars.

Q. I thought you would come on. That was some time ago. And what else?—A. That is the whole sum and substance of it.

Q. Three times is enough.—A. Three times is enough. I often send a box of cigars to a friend.

Q. Oh, yes, and you often get a box of cigars from a friend?—A. Yes, sir. Not at Christmas, I don't get half a dozen.

Q. Well then, that is for Mr. Kelly, you think that is about all for Mr. Kelly?—A. That is the whole sum and substance.

Q. And, of course, during all this time Mr. Kelly was superintending the work and looking after matters for the department?—A. I could not say that.

Q. Well, he was certifying accounts?—A. He might.

Q. You knew that?—A. I thought Mr. Harding done that.

Q. And Mr. Kelly. I show you this very account, signed John Kelly, inspector of lights, that is the same man, is it?—A. Yes.

Q. Well, you knew he was in the employment of the department?—A. I certainly did.

Q. And being in the employment of the department you were generous to him in this way, treating him kindly in this way?—A. Well, Kelly was a friend of mine for years.

Q. Of course, everybody is a friend down here. But you were kind to him, generous to him?—A. Well, I would not be any more than to any one else.

Q. At all events, you had in your mind he was in the department, you never forgot that?—A. Eh?

Q. Did you forget that?—A. Which?

Q. That he was working in the department on a salary?—A. Oh, I couldn't say what salary.

Q. I did not ask you about that. You know that fact?—A. I knew he was the inspector of lights.

Q. For the department, a government official, you knew that?—A. Yes.

Q. And then Captain Bissett used to see you sometimes?—A. Yes, sir.

Q. And what about him?—A. Nothing.

Q. What?—A. Nothing.

Q. What loans to him?—A. None.

Q. Did you get any cheques from him?—A. None.

Q. Did you give him any cheques?—A. None.

Q. Did you give him any cash?—A. No.

Q. What did he get from you?—A. Nothing. Except we would—hold on, what are you coming to?

Hon. Mr. CASSELS.—Witness, just answer.

A. I know, I want to.

By Mr. Watson:

Q. Don't hedge.—A. He got nothing.

Q. What were you going to say, except?—A. I thought you meant to say what he got from us.

Q. Certainly; what did he get from you?—A. Sometimes he got some repairs done on the steamer.

Q. That he got from you?—A. It was done on board the *Lansdowne*.

Q. Yes; but you were going to tell what you gave him?—A. Nothing.

Q. What were you going to tell just now?—A. I was going to tell about the work done on the steamer. I thought that is what you referred to.

Q. I leave that out now. I refer to the other?—A. Go on.

Q. Now then, that is what you got from him, you got orders from him to do work?—A. Through the Marine.

Q. And he was inspecting?—A. Yes.

Q. So that he was in charge?—A. Yes.

Q. And he was a friend of yours?—A. Certainly.

Q. The same way as Mr. Kelly?—A. Yes.

Q. The same way as Mr. Harding?—A. Yes, all friends.

Q. And you did not treat your friends differently?—A. In that matter I did.

Q. But in the other matter?—A. I never gave Captain Bissett to the valuation of a five cent piece.

Q. To the valuation of a five cent piece?—A. No, one way or the other, cash, goods or anything else.

Q. Presents or anything?—A. Presents or anything.

Q. That is what you are going to stand by?—A. I stand by that.

By Hon. Mr. Cassels:

Q. Did you do any work for him?—A. Never.

By Mr. Watson:

Q. What?—A. Never

Q. Where does he live?—A. Over in Carleton somewhere.

Q. So you say he never got any favours from you. Think about that again. Any use in thinking about it any further?—A. No, not a bit, no use thinking more than that.

Q. No difference what may occur?—A. No, sir.

Q. No matter what may occur it won't affect your mind?—A. No, sir.

Q. Or won't affect your testimony, nothing can affect your testimony upon that point?—A. Nothing, that I ever gave him any cash, goods or anything else.

Q. And did you give it to somebody else for him?—A. Never.

Q. And who else was there, tell me the names of the others that got the presents from you or gains from you besides, Mr. Kelly?—A. Not one.

Q. Eh?—A. Not one in the department.

Q. Why not?—A. I don't know, I must have been on the outside.

Q. I see. Not anybody else?—A. No, sir.

Q. Then you had transactions with Mr. Harding?—A. Yes, sir.

Q. What did you do for him?—A. The Marine and Fisheries.

Q. What else?—A. Eh?

Q. What else, did you give him cheques?—A. No.

Q. Eh?—A. No.

Q. Ever give him any cheques?—A. Not that I know of.

Q. Do you mean to say you might do it and not know of it?—A. I don't know.

My memory is—

Q. Pretty late at night it might be?—A. No.

Q. Do you think sometimes without knowing it?—A. No, without it was I was asleep.

Q. Then do you know whether you ever gave him cheques?—A. I certainly do know I never gave him a cheque.

Q. Did you ever get cheques from him?—A. Yes, sir.

Q. What was that for?—A. Oh, departmental work.

Q. Is that right?—A. That is right.

Q. Departmental works, that is pay from the government for work you have done, is that so, and nothing else but that?—A. Nothing else but that.

Q. What is that cheque for, what is your name?—A. P. J. Mooney.

Q. That is cash on there. Are you sometimes called cash?—A. No sir.

Q. This is for \$394?—A. Yes sir.

Q. May 5th, 1906?—A. Yes sir.

(Cheque marked Exhibit 279).

Q. You got that from him. How did you happen to get that cheque from him?—A. For work done for the department, don't you think so?

Q. Why did you not get a government cheque?—A. I could not say I am sure.

Q. What did you do with that cheque when you got it?—A. Deposited it in the bank there.

Q. What did you do with that cheque when you got it?—A. In the Bank of Montreal.

Q. What did you do with it when you got it?—A. I must have gone to the Bank of Montreal and got the money for it.

Q. How can you account for getting a cheque for that amount of money payable to cash and not even putting your name on the back of it?—A. Look up and see the cheque, some of those bills don't represent that cheque.

Q. Well, I am asking you?—A. I don't know.

Q. We want to look it up for you?—A. I will get the books and see.

Q. Can you account for that?—A. No.

Q. That is over a year ago?—A. It should be.

Q. That is over a year ago?—A. I should say so.

Q. Such a transaction as that ought not to exist in ordinary business with the department. Now, of course, you had some other personal dealings with him leading up to that?—A. No sir.

Q. Oh, Mr. Mooney.—A. I deny it.

Q. You deny it?—A. Yes sir.

Q. No personal dealings?—A. No, I never had.

Q. Then did you give him your cheque?—A. No sir.

Q. Was this an exchange of cheques?—A. No, sir.

Q. This was just one of the cash cheques you got?—A. It must have went through the bank.

By Mr. Perron:

Q. Of New Brunswick?—A. Of New Brunswick and deposited to our account.

By Mr. Watson:

Q. And you cannot explain it?—A. Except by the books that that would represent.

Q. You do not see any cheque like that, \$394. I have a memorandum of your account here, October 6th, there is nothing of that kind in 1905?—A. Yes, but the bills sometimes it is sometimes two or three months before you get the cheque.

Q. There is one here for \$364.50, nothing like that. They are all I can see. So you cannot account for it?—A. I cannot account for it, only it was from the department.

Q. So far as you are concerned it must remain a mystery?—A. It must remain a mystery how that came.

Q. There are only two men who can explain it around there, you would be one?—A. I cannot explain it. Our books will show that we got that cheque from the department.

Q. What is this cheque for \$50, dated October 5th, 1905, did you get that, what is that for?—A. Work.

(Cheque marked Exhibit 280).

Q. Well, it is payable to cash. You see, a departmental officer would not pay departmental accounts by a cheque for cash. You could not imagine a thing of that kind, in a business way, could you, you could not possibly imagine a thing of that kind.—A. But see—

Q. There is something behind?—A. I presume—

Q. Do not presume.—A. Well, how did he come to pay the department out of his own cheque?

Q. Pay the department?—A. That is a bill from—

Q. How do you know that is for a bill? There is nothing to show it is for a bill?—A. Not in that.

Q. No, not in that. You have a way of making out cheques?—A. Eh?

Q. You make out cheques to the parties you owe money to?—A. No; sometimes I make them out payable to cash, but if that came from Ottawa—

Q. This is not from Ottawa, it is Mr. Harding's. You cannot account for that either?—A. No, I could not.

Q. Who came with this?—A. The messenger came and left it in the office.

Q. A general distribution?—A. He goes around distributing cheques.

Q. And you fell in for one?—A. I fell in for one.

Q. That is as though it came down from the sky. You cannot tell what it is for?—A. I can tell if it is in the books.

Q. If the books are here it would be in the cash book. That is another one. Now then, let us see what these are. Here is one for \$50, dated May 3rd, 1906, then there are these little fellows also payable to cash for \$14.16 and \$11.25. What are those for?—A. That would be for—

Q. What was it for in fact, do you know?—A. Well, the bookkeeper is here, he could tell, I could not.

(Three cheques marked Exhibits, 281, 282 and 283.)

Q. Were you doing work for him?—A. For who?

Q. Mr. Harding?—A. Never.

Q. Did you supply Mr. Harding?—A. No.

Q. Have you anything else to supply besides bricks?—A. Yes, brick and stone. Personally we never supplied him anything except for the Department.

Q. Nothing at all?—A. No.

Q. What is there besides brick, stone?—A. Sand, cement.

Q. You want to get something softer than stone and brick. Sand is the softest you can speak of?—A. That is the softest.

Q. Then did you supply him sand?—A. Yes.

Q. You supplied him sand?—A. The Department.

Q. Now, on the back of this is endorsed, drawn October—this is May 3rd, 1906, —drawn October 1904, payment Van Sart Brothers' account, outstanding deposit. What is that, Harding & Co., what had you to do with that?—A. I don't know, that is not ours at all.

Q. Look at this one. What is that? It is the same kind of writing, exactly. May 3rd, 1906. Who is it payable to? Let us look and see. This is payable to cash, the same payee, \$50. Whose writing is this on the back, drawn October 1905 outstanding May 5th, 1906, deposit J. F. Harding account, B. Mooney & Sons. What does that mean?—A. That means it went through the office.

Q. You see, that is the same writing as on the other cheque. I think this is the other one, \$14.16, that is the same date. It looks like—I did not examine it very closely—it looks like the same writing. This one went through your office. How do you account for these things in any way?—A. No way, except the bills go in to Mr. Harding and he would send his cheque for the bills.

Q. He would send his cheque for the bills?—A. Yes.

Q. Well, then, how would he get the money?—A. I don't know how he got the money.

Q. You cannot account for that?—A. No.

Hon. Mr. CASSELS.—What is the meaning of that, marked May 3rd, 1905? It is dated 1906.

Q. What is the meaning of that, Marked May 3rd, 1905? It is dated 1906.

By Mr. Watson:

Q. Yes. You see these cheques are marked with the bank stamp. As his lordship points out the stamp is May 3rd, 1905 and the cheque is dated May 3rd, 1906. cheque 599, and the cheque is 769, and it has the same date. He got on there nearly 200 cheques between those two on the same day, May 3rd, 1906. 598 is the next.

Q. You cannot explain it at all?—A. I can through the books.

Q. Well, we had better see them, the sooner the better. Do you mean to say you had no personal transactions at all?—A. No, I never had.

Q. Did he ever ask you for any favours?—A. He never did.

Q. He never did?—A. No, sir.

Q. Not of any kind?—A. Not of any kind.

Q. You see, it looks peculiar, issuing these cheques, does it not?—A. Yes.

Q. Did you ever ask him to advance money before the money got here from the department ?—A. I never did, sir. I think they are one or two payments on that.

Q. Cannot you find the cash book there?—A. He is getting it.

Q. Does he have to go away for it ?—A. Yes.

Q. We will have to leave this in a mystery still ?—A. You can take all our correspondence, there is the letter book there, from the department.

Q. There must have been other cheques. His lordship suggests these must have been renewal cheques ?—A. No, sir.

By Hon. Mr. Cassels :

Q. What does this endorsement mean ?—A. Which.

Q. Here is a cheque dated May 3, 1906, and on the back of it is endorsed, drawn October, 1904 ?—A. That cheque I think was lost, and I took a cheque and put it into the book, and that cheque was found six or eight months afterwards.

Q. This looks like substitution. Take this one, May 3, 1906, it had endorsed on the back, drawn October, 1905, outstanding May, 1906, deposited?—A. The cheque was so small they would not bother.

Q. But the cheque is only dated May 3, 1906, and the endorsation on the back would show ?—A. This is 1905.

Q. Well this cheque is 1906 ?—A. Who would write that endorsement ?

Q. Is not that your signature ?—A. The signature is mine, this ain't.

Q. This is the same writing, there is no difference between the endorsement and your name ?—A. Where is my name ?

Q. There (indicating).—A. That is not my writing.

Q. Whose writing is it ?—A. It might be the bookkeeper's, it is not my writing anyhow.

By Mr. Watson :

Q. You cannot explain these things at all ?—A. No.

Q. We must just leave them as a mystery?—A. No.

Q. What are you going to do about it ?—A. The books.

Q. You have not the books here ?—A. I have nothing at all to do with the books. I pay a man for that.

Q. But they are your books ?—A. Yes.

Q. Does anybody know the business more than you ?—A. No.

Q. You are the chief cook, I see. Well, we have to leave that as a sort of mystery. Now then we come back to it again, how did you get in this mystery with Mr. Harding ?—A. I had no mystery with him.

Q. No mystery with him ?—A. No, sir.

Q. Did you ever borrow money from him ?—A. I never did.

Q. Eh ?—A. I never did.

Q. Did you ask him for orders ?—A. No, sir. I may have asked him for buoy stone.

Q. You might have asked him for buoy stone ?—A. Yes.

Q. You mean to let you have it?—A. No, to buy it from me.

Q. How did you happen to get orders unsolicited ?—A. Well, if they wanted mortar for buoy stone they would ask me to give a price, Appleby.

Q. I suppose you got orders because you were on the patronage list ?—A. I couldn't say, I don't know anything about that.

Q. Well, just see how soon you can clear up this little mystery ?—A. What is that ?

Q. Don't you know what I mean?—A. No.

Q. Is there anything to clear up ?—A. Nothing as far as I am concerned.

Q. It is rather hopeless ?—A. Those cheques came to the office represented other bills we sent in.

Hon. Mr. CASSELS.—Well, let us see the books.

By Mr. Watson :

Q. When are you going to clear it up ? We want you to look it up. Will you please look it up ?—A. Which ?

Q. And find out about those things. Do it between now and the next hour ?—A. Which ?

Q. Look up the books so as to trace up these cheques, trace up the account, do you understand ?—A. Yes, sir.

Q. Will you do that, please ?—A. Yes.

Q. Meantime you remain subject to call.

George McAvity, Sworn.

By Mr. Watson :

Q. Mr. McAvity, I understand you are in business here ?—A. Yes, sir.

Q. How long have you been in business here ?—A. My firm has been since 1835.

Q. 1835 ?—A. Yes.

Q. I see. And how long have you yourself been in the business ?—A. 36 or 38 years.

Q. 36 or 38 years. I see. What is the business that you have been engaged in ?—A. Hardware and machine business.

Q. Hardware business ?—A. Yes.

Q. Hardware business ?—A. Hardware and brass founders.

Q. Hardware and brass founder ?—A. Machinists, you might say.

Q. Machinists, yes. Anything else ?—A. That would embrace all the business.

Q. That would embrace all the business ?—A. Yes.

Q. I understand your business is quite an extensive one ?—A. Yes.

Q. So that it is a business that extends over the Dominion ?—A. Yes, sir.

Q. And who are associated with you in the business ?—A. Five brothers.

Q. Four besides yourself ?—A. Four besides myself.

Q. Five of you ?—A. No; five besides myself, six of us.

Q. And what is your department ?—A. My department is the manufacturing department.

Q. Oh, you are the manufacturer, you are the builder then ?—A. If you wish to call it that way.

Q. The manufacturing department ?—A. I have charge of the manufacturing.

Q. That is the brass part ?—A. Yes.

Q. Brass and iron ?—A. Brass and iron.

Q. And steel ?—A. Yes, sir.

Q. And you are all interested, mutually interested and engaged in the business ?—A. Yes.

Q. And who are associated with you directly in the manufacturing department ?—A. Originally there were three in each department, three in what we call the Water Street manufacturing end and three in the hardware store.

Q. What two were with you ?—A. One, not two, one brother was confined to the house two or three years. My eldest brother is in the Water Street business.

Q. What is his name ?—A. James H.

Q. And the other business, the hardware business, who is the leading one in that ?—A. The President, Thomas.

Q. At present ?—A. No; the President.

Q. Of the two companies ?—A. This company.

Q. What do you call that company ?—A. It is all one company, McAvity & Sons, Limited.

Q. That covers all the branches ?—A. That covers all the branches.

Q. Then who has charge of the hardware business, chief charge ?—A. Thomas is President.

Q. I suppose one is probably more active than another?—A. Well, probably John A. is the most active one.

Q. I see, John A., and Thomas, and the other brother?—A. Stephen.

Q. So that forms the business. And you have been doing a very large amount of work and business with the Department of Marine and Fisheries?—A. Yes, we have done quite a business with the Marine and Fisheries.

Q. I see that during the three years ending June, 1907, your account with the government amounted to \$42,000. That is much the largest account in this province. That is about right, I suppose?—A. I think so.

Q. About \$14,000 a year?—A. Yes.

Q. And that account chiefly is in respect of what class of work?—A. I presume that would be general hardware and steam supplies, fittings and such things.

Q. General hardware and what?—A. Steam fittings, I should imagine so. You must remember before you go on—

Q. How much of that would be in connection with the manufacturing part?—A. I couldn't tell you.

Q. I see.—A. At a rough guess I should say one-third of it.

Q. You sell brass and iron and the like?—A. Yes.

Q. To the department?—A. Yes.

Q. That is for the ships?—A. Yes.

Q. Or anything else in the ships?—A. When they require repairs probably.

Q. You are wholesalers?—A. Wholesale and retail.

Q. Wholesale and retail?—A. Yes.

Q. And during these three years you have had written contracts signed by the Minister?—A. Sometimes.

Q. How often?—A. In all these instances you asked me our book-keeper will have to answer that, I am not familiar with it.

Q. You would not want us to call your book-keeper?—A. But you are speaking to George McAvity, not to T. McAvity & Sons. I can only represent myself. As to T. McAvity & Sons, they are represented by the book-keeper and John A.

Q. Are you able to represent T. McAvity & Sons?—A. No sir, I am not familiar with the books. We do not keep any books at our factory.

Q. You do not what?—A. We do not keep any books. Everything is transferred from the factory every day to the head office.

Q. You do not keep any books in your factory?—A. No book-keeping.

Q. But you are a very accurate business man of course?—A. Yes.

Q. And you know what is going on from day to day and from year to year?—A. Yes.

Q. And you know what kind of stuff you are selling and what kind of work you are doing for the Marine and Fisheries?—A. Yes, most assuredly.

Q. You do not want me to go to the book-keeper to find out about the business?—A. You are asking me a good many questions I don't know anything about.

Q. I have not.—A. Yes, about the hardware store. That is like a separate store.

Q. Then you class yourself as both wholesale and retail?—A. Yes.

Q. How do you sell to the Department of Marine and Fisheries, at what prices, wholesale or retail?—A. It just depends on what they buy and what quantity they get.

Q. What?—A. It just depends on what they buy and what quantity they get.

Q. Did you have any contract in writing?—A. Yes.

Q. Signed by the Minister—A. Yes, I think so.

Q. Have you seen any?—A. I have heard of such, I have not seen them. I understand they are at the other store. They come into the head office. I would not see them.

Q. Is there anybody from the store here now?—A. No. They have been here two days waiting to be called.

Q. Don't talk so much. Keep to the point, say yes or no, please. You say there is nobody here from the store?—A. No, I do not see anybody.

Q. Have you got your books, have you brought any books with you?—A. No.

Q. No books at all?—A. No.

Q. Then you do not know of any contracts in writing signed by the Minister?—

A. Only by——

Q. Hearsay?—A. Hearsay.

Q. Work that has been done by the factory you have a knowledge about?—A. Yes.

Q. Has that been under contract in writing signed by the Minister?—A. No.

Q. Whom did you get the order from?—A. Mr. Harding, the agent.

Q. That is a telephone order?—A. No, I think a written order, principally.

Q. You think so?—A. In most cases, yes.

Q. To do what, for instance?—A. Well, sometimes small repairs, valves or fittings, necessary repairs required on a breakdown of a vessel.

Q. Those would sometimes run to thousands of dollars?—A. Very small.

Q. Sometimes?—A. The whole account would.

Q. But one item in the matter of repairs?—A. You are getting confounded. We don't do that. Our repairs I imagine don't run at one order anything like that.

Q. They do not run at one order anything like that?—A. It would cover the general repairs in the spring of the year, those would amount to \$1,000 or \$1,200.

Q. You do think \$1,000?—A. No.

Q. And in those cases the prices were not fixed beforehand?—A. No.

Q. So you charge practically what you thought to be fair?—A. No, we could not.

Q. You could not charge what you thought to be fair?—A. There is a regular price.

Q. What is that?—A. There would be a regular price.

Q. Who would make the regular price?—A. The post clerk.

Q. Who would?—A. Whatever clerk sold the goods.

Q. I am speaking about the factory?—A. There are a number of clerks there as well.

Q. So the clerk would fix the price?—A. Certainly.

Q. That is about the same as you are fixing yourself?—A. No, a general price. They would not have two prices.

Q. They would not have. You are speaking of what they have actually?—A. He would go to the price book and fix the price.

Q. You fixed the price in the matter of repairs?—A. Our goods are sold to do repairs. Every thing is listed and sold at a discount.

Q. Sold by discount?—A. From the list.

Q. Does the government get the discount?—A. Certainly.

Q. How much discount?—A. Fifty per cent, sometimes more.

Q. Fifty per cent discount off cost?—A. I am not talking of cost, off the list.

Q. The list must be pretty high when it starts?—A. It is a uniform list adopted all over the United States.

Q. Never mind the United States?—A. I am just telling you over the United States.

Q. Thank you. We will confine ourselves to St. John in the meantime.—A. The same as everybody else, an established price.

Q. But that price list, you can afford to make a discount of 50 per cent off that?—A. Yes sir.

Q. And do you make a discount to every one?—A. Yes sir.

Q. No difference who the purchaser is?—A. No.

Q. Then why not refuse the price list?—A. You would have to revolutionize the whole business of Canada, United States and England.

Q. Don't let us have a revolution.—A. You could not do it.

By Hon. Mr. Cassels:

Q. Is not that a discount generally to the trade only?—A. No, that is regular.

Q. To retailers as well?—A. Yes sir.

By Mr. Watson:

Q. So that you charge the government the same as you charge other persons purchasing retail?—A. The same.

Q. Why not sell to them wholesale? This is a pretty good wholesale contract, \$42,000?—A. Because that would cover a period.

Q. Of three years?—A. No, I mean covering a period, serving one article at a time.

Q. Oh, one article at a time. Why could you not get them in in a year?—A. In the first place, you could not use them on a vessel. You would want to buy full packages of each to get the benefit of wholesale prices. Iron fitting are in barrel lots.

Q. Where did this come from, June 13th, 1905, Marine and Fisheries to McAvity & Sons, this is a nice little order of \$1,163, would you call that wholesale or retail?—A. I must look at it.

Q. Just say by the amount?—A. I cannot without seeing the goods, it may be jobbing.

Q. The amount would not determine whether wholesale or retail?—A. It depends on the work.

Q. The mere amount would not be the determining feature?—A. Not on machine jobbing work.

Q. Might it be a few thousand dollars and still retail?—A. It might be \$20,000.

Q. And still be retail?—A. If machine work, because we charge the same price.

Q. Now, we have amongst this 400 barrels of Rathbun Star Cement. Would that be wholesale or retail?—A. That would be wholesale, but I would not know anything about that.

Q. What is the wholesale price?—A. I have not the slightest idea. The hardware men will tell you that.

Q. 335 pounds of BB crane chain, would that be retail or wholesale?—A. That belongs to the hardware store.

Q. You could not tell about that?—A. No.

(Account marked Exhibit 284.)

Q. So it depends upon the kind of work that is done and who it is done for?—A. The manufacturing end.

Q. And who does it. A great many features enter into it?—A. No.

Q. What profit do you get, 50 per cent?—A. I don't know what profit without the books.

Q. I want to know meantime. You could not tell?—A. No.

Q. You got those orders from the chief agent here?—A. Yes.

Q. Bearing in mind our premises, you were getting those orders from Mr. Harding, the prices in many instances were not fixed, now in connection with that I want to know about what percentage of profits you made?—A. The average profit will be 10 per cent.

Q. The average, but with the department?—A. The same with the department as anybody else.

Q. What?—A. The same with the department as anybody else.

Q. Are you speaking from personal knowledge?—A. On my end of the business, yes.

Q. Then tell me of any contract or work on which you got only 10 per cent?—

A. I could not tell you from memory without having something specific.

Q. We will have to get them. Meantime I am informed, I may tell you the profit is very much more and a very excessive profit, Mr. McAvity, so we will understand each other.—A. That is right.

Q. Now, these things came from Mr. Harding, and you had known Mr. Harding for some time?—A. A great many years.

Q. And you had other officials that you saw and met from time to time?—A. Occasionally.

Q. What other officials came in contact with you?—A. Mr. Kelly.

Q. Mr. Kelly. Go on?—A. Well, I might say all the officials, the engineers.

Q. Give me the names of them, please?—A. Captain Bissett.

Q. Yes?—A. Occasionally I would see Mr. Morris.

Q. Yes.—A. There is another engineer, I have forgotten his name, one of the engineers of the *Lansdowne*.

Q. Yes. And Mr. Morris.—A. Yes.

Q. Did you see him?—A. Occasionally.

Q. He certified to accounts?—A. Not that I am aware of.

Q. Well, he was there inspecting?—A. Mr. Morris.

Q. More or less?—A. I would not meet him if he was inspecting.

Q. Whom did you meet having to do with the inspection and looking after the work there, taking delivery of it?—A. Well, when we delivered goods, those at the warehouse.

Q. Who is down at the factory examining?—A. Keeping charge?

Q. Yes. I am speaking from the department, what officials are down there?—A. There would be no officials.

Q. Do you mean to say they kept away from your factory, because we have them going to other places?—A. We would not have the same class of work, our work was a small class of work.

Q. But the account comes up, it is the largest in the lot?—A. They would want more goods in our line.

Q. How does it get down so small?—A. They got a greater variety.

Q. There is more to be done?—A. Yes.

Q. Why would the men be around at other places and not around there? There is nothing to be afraid of down there?—A. I would not think so. We are all nice quiet people down there.

Q. So you were in the habit, I suppose, of seeing them off and on, and you came in contact with people and officials and would make them occasional business benefits?—A. No.

Q. What?—A. No.

Q. You did not do anything of that kind?—A. Never, not one iota.

Q. What?—A. I never gave a dollar, not one cent.

Q. What?—A. To those officials you are speaking of.

Q. To what officials?—A. The officials you are mentioning.

Q. Will you mention them? Mention those you have not given something to?—A. Well, I could not without a list of the names.

Q. Couldn't you?—A. No.

Q. Well, what officials did you know?—A. The only officials I ever had any transactions with, I made some loans to the agent.

Q. What?—A. Loans to the agent. That is the only official.

Q. Loans?—A. Yes, or accommodation to the agent.

Q. You mean Mr. Harding?—A. Yes.

Q. You made loans?—A. Yes sir.

Q. Or accommodation to him?—A. Yes, sir.

Q. When did you do that last?—A. Now you are speaking of the firm—

Q. Never mind, I am asking you the question, just answer. When did you do that last?—A. I don't want you to get confounded.

Q. I will try and keep my head clear if you will do the same.—A. Are you asking of T. McAvity & Sons or George McAvity?

Q. I am speaking of anybody. You can speak for yourself and for the firm. When did you do that last?—A. I think it would be about March or April, February, March or April.

Q. March or April or February. You have given yourself a good margin?—A. There might be two loans in that time.

Q. And what about since April, it is a long time since?—A. I don't know what is there at the head office.

Q. You don't know what has been done at the head office?—A. No, I don't know what they have done at the head office.

Q. You mean the head office at the hardware place?—A. King street. I am not familiar with their books. We only keep one set of books.

Q. So you are speaking of the manufacturing business and for Mr. George McAvity?—A. No, personally for my own individual self.

Q. And you do not know yourself?—A. That was a loan.

Q. And you do not know yourself of any business, except as a member of the firm, of course?—A. Yes.

Q. You are speaking of yourself as a member of the firm?—A. Certainly.

Q. Certainly, you are speaking of yourself as a member of the firm or company. And the last one you have in mind now was February, March or April?—A. I say I think there was a loan in February and a loan in March.

Q. A loan in February and a loan in March?—A. That is my impression.

Q. How much was the one in March, about?—A. About \$248.

Q. And how much was the loan in February?—A. If I remember \$500.

Q. And how much is he in at the present time?—A. As I believe—

Q. How much money has he from you now?—A. Possibly \$1,300.

Q. \$1,300?—A. Possibly.

Q. That is as the matter stands to-day?—A. Yes.

Q. This is a cash transaction too?—A. Yes.

Q. Really, with your firm of McAvity & Sons?—A. It is a personal loan made by myself.

Q. I thought you were speaking of yourself as a member of the firm?—A. I speak of myself, I am speaking now for George McAvity.

Q. But of course, you are a member of the firm?—A. Yes.

Q. And with you, as with others, business is business?—A. Not in this case.

Q. Business is not business. Well, we will have to see about how far it is. Then you have got a record of that transaction of March?—A. No.

Q. What?—A. No.

Q. No record. Did you enter it?—A. No entry.

Q. Not in any books?—A. We gave a cheque for it.

Q. Listen. Just answer please. Is there any entry of it in any book?—A. No.

Q. That is the \$300 odd. And the \$500, is there any entry of that?—A. Just the same applies to the three.

Q. We have one more now, what is the third?—A. I told you the total liability was about \$1,300.

Q. Oh, I see. Then there has been a transaction since then?—A. No; in that period.

Q. In what period?—A. As I told you, in the three months.

Q. In the three months the transaction amounted to \$1,300?—A. I am not binding myself down to that only.

Q. Did you get a note?—A. I never asked.

Q. Did he ever offer you one?—A. Yes.

Q. Did you get a receipt for the money?—A. No.

Q. You entered it in your cash book?—A. No.

Q. Oh, that is a large amount of money, \$500?—A. Yes.

Q. That would be a large amount of money?—A. It might be.

Q. I would call it so. Would you?—A. Well, a fair amount of money.

Q. Well, we discriminate. That is a fair amount of money, \$500. Did you enter that in the cash book?—A. No.

Q. Let us see the cheque book?—A. I have not got the cheque book here.

Q. What cheque book?—A. I have not got the cheque book here for the \$500. I will bring it up.

By Hon. Mr. Cassels :

Q. The stub?—A. The stub.

By Mr. Watson :

Q. Where are the cheques?—A. I have not got the cheques for all the amounts. I have the cheques for several of the amounts.

Q. Where are the other cheques?—A. If you will allow me, in the morning I will go to the bank and see what cheques I can find and bring them up to you.

Q. But you get the cheques back at the end of the month?—A. Not here. We do not get them back until we send for them.

Q. Don't you send for them at the end of each month?—A. As a rule.

Q. Did you send for these and get them back?—A. Some of them.

Q. Have you ever seen these cheques since?—A. Yes. I have not looked over them.

Q. But you have seen them since?—A. I have seen cheques for the money, but I have not seen the specific cheques you are talking of.

Q. There is no doubt you can produce them?—A. I hope so, I am not sure.

By Hon. Mr. Cassels :

Q. Have you a personal account in the ledger?—A. There were no entries of them, those were only lent.

Q. I asked you if you keep a personal account?—A. In the head office, oh yes. They keep my regular account at the head office.

Q. But I asked you if you keep a personal account of your own personal expenditure?—A. No, except what goes through by cheque with the cheque book.

Q. Do you keep a cash book?—A. Everything goes through the cheque book. I don't keep a cash book.

Q. No cash book?—A. No.

Q. Have you any personal account showing your expenditure during the year?—A. Except what is at the head office.

Q. That is kept at the head office for you?—A. Yes.

Q. That would show all personal outgoings?—A. Yes.

Q. That would not show, you say, these transactions?—A. No.

By Mr. Watson :

Q. You make returns to the head office, do you?—A. This would not have anything to do with the head office.

Q. Of the ordinary disbursements you make returns?—A. From the sales, yes.

Q. To the head office?—A. Yes.

Q. Well, you are a gentleman of large resources, I should say?—A. I wish I was.

Q. And you keep your accounts in a systematic regular way?—A. I try to.

Q. When did you last see the cheque book?—A. The first of the month or before.

Q. The first of this month?—A. Yes, the 28th of October.

Q. The 28th of October. Where did you see it then?—A. In my office.

Q. In your office?—A. Yes.

Q. There is not any doubt that it is in your office now, I assume?—A. I would not like to say.

Q. You would not like to say?—A. No.

Q. You would not like to say. Why do you express doubt?—A. Because there is just a possibility it is not.

Q. If it is not there, where would it be?—A. This particular cheque book I don't believe I can find.

Q. Well, that is something new?—A. Yes.

Q. I thought you said a minute ago the cheque book was there?—A. I said I hoped so. This last date I have—

Q. Listen. It is apparent to you the reason I am asking you this question is because you said you hoped so?—A. Yes.

Q. That is not a business answer?—A. I rather hope to give you a statement.

Q. What?—A. A statement.

Q. I do not want any statement. I want the book?—A. I haven't it, I cannot get the book.

Q. What?—A. I have not got it.

Q. You did not say that before?—A. I said I cannot get it.

Q. You did not say that before.—A. It is not there. The last book, the 28th of October, at least, is not there.

Q. You did not tell me that before.—A. Of any transactions—

Q. Never mind.

By Hon. Mr. Cassels :

Q. What has become of your last book. The question is a very simple one. What have you done with it?—A. Well—

By Mr. Watson :

Q. You said before, you started off by saying it was there, you went further than hoping, then you came down to hoping so, and now you say emphatically it is not there. How do you explain this?—A. That book was lost or destroyed.

Q. There is a great deal of difference between being lost and destroyed——?—A. Yes.

Q. In business. Where is the book?—A. I could not tell you.

Q. Is it lost or is it destroyed?

By Hon. Mr. Cassels :

Q. You saw it on the 28th October?—A. Yes.

Q. This is only the 25th November. You know what became of that book. Why not tell.

Mr. WATSON.—It could not have been lost, we can eliminate that.

By Hon. Mr. Cassels :

Q. If you destroyed it tell us?—A. The book was destroyed.

By Mr. Watson :

Q. What?—A. The book was destroyed.

By Hon. Mr. Cassels :

Q. By whose directions?—A. My directions.

Q. Then tell us the truth. That was pending this——?—A. Nothing to do, your honour, with this transaction.

Q. Well, you know, we have to judge that. There is the fact that this investigation was coming here, there is the fact that these questions were being investigated, and there is the fact that this book was in existence within less than a month, yet you destroyed the evidence upon which you rely?—A. Before ever I thought anything of this.

Q. I daresay that may be.

By Mr. Watson :

Q. Let us see, Mr. McAvity, when did you destroy it, what day?—A. As near as I can tell you, the 27th or 28th October.

Q. The 27th or——?—A. 28th.

Q. What day of the week was it?—A. Tuesday or Wednesday I should think.

Q. Well Tuesday would be—I think it was the 27th, and Wednesday was the 28th. On which day did you destroy it?—A. I would not be positive, I couldn't tell you which.

Q. How did you destroy it?—A. Just put it in the furnace, I imagine.

Q. Don't imagine. We have had an awful lot of imagination here?—A. He was instructed.

Q. Come to it with a clean cut statement, what is the use of beating about the bush. Then you gave instructions that that book should be put in the furnace?—A. Yes.

Q. That is what we are at. And to whom did you give those instructions?—A. The young man in the foundry.

Q. What is his name?—A. Atkinson.

Q. And you have not seen it since?—A. No.

Q. Now, did you not go with him to the furnace door?—A. No, sir.

Q. You could trust him for that, eh?—A. Yes.

Q. And you have not seen it since?—A. No.

Q. Now, how many books were destroyed, give us a list of them?—A. There was in the bundle I think three.

Q. Three books?—A. Yes.

Q. Just name them in order?—A. There was a pass book.

Q. A pass book?—A. A cheque book.

Q. Hold on. A pass book?—A. A cheque book.

Q. A cheque book. That is the ordinary cheque book containing——?—A. Blank cheques.

Q. And stubs of cheques?—A. Yes.

Q. That is one book. Now wait. That cheque book commenced at what time in 1906?—A. 1906?

Q. Yes.—A. It was not in 1906.

Q. What time did it start?—A. It started about 1908.

Q. When?—A. Probably about January or February.

Q. You see, this probably rather destroys us?—A. I cannot tell you exactly.

Q. You say about January, 1908?—A. Yes, about January, 1908.

Q. And how much of that cheque-book had been written up in the use of cheques?—A. Most.

Q. Most of it?—A. Most of it.

Q. I see. So it was chiefly stubs?—A. A good many stubs, yes.

By Hon. Mr. Cassels:

Q. As I understand, he put the cheques onto the stubs after they had been returned.

Mr. WATSON.—Yes, the cheques had been returned by the bank?—A. That is right.

Q. They might have been in the bank?

Hon Mr. CASSELS.—As I understand it—A. No, they were just in a bundle, the whole transaction.

Q. There are a great many people take their cheque book and when they get the back cheques they fasten them to the stubs, treating them as vouchers?—A. Those were just a bundle.

By Mr. Watson:

Q. Just let us see. You remember a little while ago you said you often did not get them back from the bank?—A. Yes.

Q. I suppose you did not know whether you got them back from the bank?—A. I know.

Q. You are positive now?—A. Yes.

Q. When did you get them back from the bank?—A. Somewhere the day before or the day after.

Q. About the same date. You were doing that deliberately?—A. No.

Q. You are a man that acts deliberately, I believe?—A. No. I want—excuse me one moment.

Q. Well, listen?—A. One moment, I will explain. What I am trying to explain to you in reference to this transaction of these three cheques, you want to know about these of Mr. Harding's, that is what I am explaining.

Q. You do not want to get into any legal controversy?—A. No, I do not.

Q. Then let us have a few plain facts. At all events, a day or so before, or perhaps the same day you destroyed the cheque-book, apparently you sent to the bank to get all the cheques. Is that right?—A. Yes.

Q. So as to be sure you would have them all in, that is right, is it, so there would be a complete total destruction?—A. These cheques were all to be destroyed.

Q. That was a deliberate act of Mr. McAvity?—A. This was a deliberate act for a special purpose. This was the—

Q. Don't volunteer, it only makes trouble. Just answer my question. It will be all you will be required to do at present, any way. So you sent for these cheques, got them all from the bank, and there were the cheque-books and the cheques, that was one parcel. What were the other two books?—A. No two that I am aware of.

Q. What else was there?—A. There was a pass-book and the cheque-book and a bundle of cheques.

Q. Just wait, please. We have got the cheque-book and the cheques?—A. Yes.

Q. Now then, there was a pass-book?—A. Yes.

Q. What pass-book?—A. That was the bank-book.

Q. Do you mean to say you destroyed the bank-book?—A. This was a special account

Q. I did not ask you whether it was a special account or not. Did you destroy the bank-book?—A. Of that account, yes.

Q. And what was the other book you destroyed?—A. The cheque-book.

Q. I have got the cheque-book and the bank-book. What is the other book?—A. The bundle of returned cheques.

Q. What else?—A. That is all.

Q. I see. Then there were two books and the bundle of cheques?—A. Yes.

Q. That does not make three books?—A. That is three parcels.

Q. I see. Then did you try to get the bank book in the bank, why not have that destroyed too?—A. I did not ask for that.

Q. What bank is it?—A. The bank of Nova Scotia.

Q. And in what name was the account kept?—A. George McAvity.

Q. When did that account start?—A. About—let me see.

Q. Was it a long standing account that had been running for years?—A. It had been an intermittent account.

Q. Was it a general account or a special account?—A. A special account.

Q. Was it your own special domestic account?—A. No, a special account.

Q. A special account kept in the bank of Nova Scotia. Did anyone else sign cheques on that account than yourself?—A. No.

Q. Now, you said that was destroyed for a special purpose. What was the special purpose for this extraordinary act?—A. Well, the account was closed up.

Q. Eh?—A. That was an election account and it was closed up.

Q. What?—A. After the last campaign it was closed, the account was closed.

Q. An election account, is that what you say?—A. Yes, I said so.

Q. It was an election account?—A. I say the election was over and the account was closed.

Q. I see. This was an attempted burial, eh?—A. Or a revival, call it whichever you wish.

Q. And did you think in that way you could bury the past and the records?—
A. Well, we wanted to get through and start afresh.

Q. At all events you wanted to get the written evidence out of existence?—A.
We wanted to finish it.

Q. I see, finish it up. That is a pretty short-sighted business, is it not?—A.
Probably so.

Q. I should say so. Now, then, that was that account, you drew cheques on that account?—A. Yes.

Q. And some of the cheques on that account passed over to Mr. Harding?—
A. I am under the impression two of these cheques did.

Q. Yes. Two of these cheques passed to Mr. Harding—for election purposes to Mr. Harding?—A. No.

Q. But it was an election account?—A. That is no reason it should be that.

Q. You did not use the election account for your personal purposes or for business purposes of T. McAvity & Sons?—A. No.

Q. And yet you were drawing on that election account, as you speak of it, to pay Mr. Harding, to give Mr. Harding cheques?—A. I Only explained why I could not show you the few cheques.

Q. Never mind explaining now, answer the question. I want to know if these cheques drawn on that account and given to Mr. Harding were in the ordinary regular course of business in respect to that account—yes or no?—A. It was a loan.

Q. I did not ask you that at all. Were these cheques drawn on that account in the ordinary regular course of business in respect to that account?—A. The same as any other cheque drawn.

By Hon. Mr. Cassels:

Q. Were the election cheques loans?—A. They were, and afterwards these cheques were charged to my own personal account.

Q. Answer the question. Were these cheques to be delivered out for loans or gifts for election purposes?—A. Loans.

By Mr. Watson:

Q. Everything of that kind in the name of cash?—A. Yes.

By Hon. Mr. Cassels:

Q. You destroyed all the evidence of the loans?—A. Yes.

Q. Were those cheques on the same basis as the cheques you were giving for election purposes?—A. The same account?

Q. No. On the same basis, given in the same way?—A. It was drawn in the same way, your honour.

By Mr. Watson:

Q. Now then, tell me this, that was all in the same way?—A. But not for the same purpose.

Hon. Mr. CASSELS.—Oh no, I did not say that.

By Mr. Watson:

Q. How much was there in that account, how much was the amount of that cheque that was given to Mr. Harding?—A. I think that cheque was \$500.

Q. What?—A. \$500.

Q. That is a large cheque?—A. The cheque given to Mr. Harding.

Q. And the second one, that is one you spoke of?—A. \$248 I think it was.

Q. And apart from those have you any way of telling the amounts by record, have you any way of telling the amounts of the other cheques?—A. Of Mr. Harding's?

Q. Yes?—A. Of 1907?

Q. Yes.—A. Yes.

Q. The amounts of the other cheques in that account, this money that was given as represented by the cheques that Mr. Harding received, was that firm money?—A. No, sir.

Q. It was not firm money. Whose money was it?—A. The money Mr. Harding received was my own personal money, because I refunded it.

Q. What?—A. The moneys, the cheques I issued to Mr. Harding would be my own personal money.

Q. Why?—A. Because I had to refund it to my own account.

Q. At the time the cheque was drawn the moneys were firm moneys?—A. No.

Q. Whose moneys paid the cheque Mr. Harding got?—The special account, my own account.

Q. Oh yes. But you state you would have it refunded to yourself afterwards?—A. On my own special account.

Q. You would have it refunded afterwards to your account?—A. Yes.

Q. Meantime whose moneys were they?—A. My own moneys.

Q. What would you want to transfer them for?—A. They are transferred to my own account.

Q. That was your own account?—A. I had two accounts.

Q. You have another account?—A. Yes.

Q. How did you get your own moneys mixed up in that account?—A. Mr. Harding's?

Q. Yes.—A. Because at that time I just had the cheque there handy and gave it to him.

Q. Just a sort of accident?—A. No.

Q. Was it designed then?—A. No, it was not designed.

Q. How didn't you happen to give a cheque on the ordinary account instead of the special account?—A. Because I had money in the special account.

Q. I see, because you had money in the special account. And was all the money in that special account your own money?—A. Practically so.

Q. Was any of it firm money?—A. Firm money, no.

Q. No firm money in that account?—A. No sir.

Q. Then let us see, how do you arrive at the balance of \$1,300?—A. From the two cheques.

Q. Yes, two cheques?—A. That is the balance that is due now, about \$1,300.

Q. How do you arrive at that?—A. Well, by giving credit for what he paid before.

Q. Eh?—A. I give him credit for what he paid.

Q. Where is the record of the debits and credits, that is what I want to get at?

—A. There is no record that I am aware of.

Q. No record?—A. No.

Q. How do you arrive at it?—A. As the cheques were borrowed, borrowed and returned.

Q. Borrowed and returned?—A. Yes.

Q. But there is nothing outstanding for that \$1,300?—A. Yes.

Q. Is there?—A. Nothing except what he owes.

Q. Is there any cheques outstanding?—A. No.

Q. You cannot call that an exchange of cheques?—A. That is the difference, that is the balance due. If the cheques were exchanged there would be no balance.

Q. No, there would be no balance. So of course this exchange of cheques generally leaves a balance, does it not, that is the object, that is one of the objects of the exchange?—A. No, I think not.

Q. Come to it.—A. I am coming to it.

Q. That is the way it comes in this case.—A. For a period, a number of years.

Q. And in this case the exchange of cheques resulted in Mr. Harding being in \$1,300?—A. That is the loan.

Q. Don't talk about a loan; it is an exchange of cheques?—A. Well if you want to call it an exchange.

Q. What do you want to call it?—A. I call it an exchange or accommodation.

Q. When did you loan him the money?—A. First about 35 years ago.

Q. When did you loan him money last?—A. About February, as I said before.

Q. That is the \$500 and the \$300, and then when did you loan him the other money to make up the \$1,300?—A. I think that would be the balance carried over from 1907.

Q. When did you get the last cheque from him?—A. I do not remember, I could not tell you. I kept no record.

Q. How many years ago?—A. It would be months, not years.

Q. Some months. You recollect getting a cheque then a few months ago?—A. Oh, last year.

Q. Last year?—A. Probably before. I don't remember what the date would be.

Q. You do not recollect what the date would be, I see. Then did you have to account to anyone for the application of that money in the special account?—A. No sir.

Q. Was that a large account or a small account?—A. A fair account.

Q. Amounting to many thousands of dollars?—A. Yes, a few thousands.

Q. A few thousands, amounting to \$25,000?—A. Thereabouts, I think so.

Q. Thereabouts, I see. Not more than that?—A. No.

Q. I suppose the bank records will show?—A. Yes.

Q. So it is easy to obtain?—A. The different balances.

Q. But that is an account that was commenced only some months before?—A. Yes.

Q. That special account?—A. That special account started a long time, it started in last March.

Q. That is March of this year?—A. Yes.

Q. That is not long ago. That is when that account started. So that the bank records will show the amount of that account?—A. Yes.

Q. And have you got in your possession any copy of that bank record showing the amount of that account?—A. No, I have not.

Q. Eh?—A. No.

Q. But have you got any book that shows that, the record of that account?—A. No.

Q. Have you got any book that shows the amount of that account and the withdrawals from that account?—A. That is the book that was destroyed.

Q. Have you got any other book that shows that in any way whatever?—A. No, sir.

Q. So the only way to get at that now, you say, is the bank-book?—A. Yes.

Q. But the bank-book, as you know, will not show the application of the money.

Hon. Mr. CASSELS.—It will not show anything but the amounts.

By Mr. Watson:

Q. Only the amounts deposited and the amounts withdrawn, that is all?—A. Yes.

Q. I see, that was the object of the destruction, so that nothing else should be known of that, that is the fact?—A. I presume so.

Q. Now then, starting in 1904, what were the firm transactions with Mr. Harding during 1904?—A. I would not know.

Q. Where would I get a record?—A. I would not know what the firm's transactions were in 1904. You are speaking now of loans.

Q. No. I am speaking of money transactions, business transactions between you and Mr. Harding in 1904.—A. For the purchasing of merchandise?

Q. No; personal transactions?—A. I would have no record.

Q. What transactions did you have with him in 1904?—A. I had transactions for 20 years.

Q. I did not ask you for 20 years. I am asking you for 1904?—A. I started in 1907.

Q. Listen. Did you know what transactions you had in 1904?—A. Yes.

Q. Have you got your cheque-books for 1904, or are those destroyed too?—A. I think I have the stubs for 1904.

Q. You have those. We will just get at it. Now then in 1904 you have the stubs of the cheque-books for that year?—A. Yes.

Q. And the same for 1905?—A. I think so.

Q. And 1906?—A. I hope so.

Q. 1907-8?—A. 1907.

Q. And eight?—A. Eight, I have not got.

Q. But that was the special account you destroyed. Have you also destroyed your own personal cheques?—A. None, not for 1908.

Q. That is what I say. Then the transactions with Mr. Harding for 1908, so far as you had to do with them, were entered in your personal account and not in the firm account?—A. There were two cheques I am speaking of.

Q. What others in 1908?—A. None.

Q. A good many others?—A. One other.

Q. Where was that entered?—A. In my own account.

Q. Why, you said a moment ago you had none of your own personal account for 1908. You have one any way?—A. Yes.

Q. What date?—A. You are asking me now for the February and March account.

Q. No, I am speaking of the others. You said those were in the special account. You told about the others. You had another transaction you say?—A. The biggest transaction was in 1908, a cheque for \$428.

Q. That is another one?—A. No. That cheque makes up the total liability of \$1,300.

Q. There have been the three transactions in 1908 that you know of; that is right, is it?—A. Yes.

Q. And one of those transactions is of record in your personal account-book?—A. Yes.

Q. And you have got this?—A. I think so.

Q. That appears entered in the cheque-book and the stub of the cheque?—A. Yes.

Q. And that is in your own personal cash-book?—A. Yes.

Q. Of course, you keep a cash book?—A. No; marked in the cheque book.

Q. You do not mean to say you stop at the cheque book?—A. Yes.

Q. That is what men do who work for a living, who have not time to keep an account. How many bookkeepers have you, four or five?—A. Eight or ten.

Q. And still in your own account nothing passes beyond the cheque book. Was that kept by the firm, transferred to the firm?—A. My own personal account is charged from my firm's expenses, there is certainly a personal account charged to me.

Q. Let us see if it can be made clear. That amount of \$425 you gave your personal cheque for. Was that charged up by the firm in the account between you and the firm?—A. No, none of my transactions.

Q. Then it is charged up in your own personal book?—A. Yes.

Q. Can you produce this?—A. I hope so.

Q. That is the same expression you used before, and it ended in a fire. Is it the same old hope?—A. I hope not.

Q. You are guarding yourself manifestly, is that not so? You are manifestly guarding yourself?—A. I want to make sure. I have not seen these books.

Q. Do you mean to say that has been destroyed too?—A. No, sir, I do not.

Q. If it has been, come out with it?—A. No.

Q. Have you an idea it may have been?—A. No. The reason I am speaking that way is they are on the floor of my vault and I might not find those old stubs.

Q. 1908 stubs are not old?—A. No.

Q. Those are a few months old, mere infants. Have you any doubt whether they are in existence or destroyed?—A. My own personal account is in existence.

Q. And that can be produced?—A. Yes.

Q. Then, Mr. McAvity, we want, if you please, to-morrow morning at 10 o'clock those records of yours?—A. Yes.

Q. And have you been in the habit of writing letters to Mr. Harding?—A. Not that I am aware of, I don't think so.

Q. You don't think so?—A. Possibly, very few, very few letters.

Q. Letters with cheques?—A. I don't remember of any.

Q. Have you got a letter book?—A. Yes.

Q. You copy your letters?—A. Yes.

Q. Let us have the letter books. Are those the firm letter books? Of course they are?—A. Where?

Q. Where you copied your letters?—A. Yes, if I was writing any letters.

Q. Then we want those firm letter books from the 1st of January, 1904. They are all indexed up, are they?—A. Oh, certainly.

Q. And pardon me for the further question,—any leaves taken out?—A. Not that I am aware of.

Q. To your knowledge?—A. No.

Q. Why not?—A. What would they be taken out for?

Q. Why destroy the other cheques?—A. They are taken—

Q. Just for the same reason I am forced to ask you beforehand whether there was any destruction of letters.—A. I do not think any letters were written to Mr. Harding.

Q. You are not so strong when you said there might be?—A. You said so, I did not contradict you.

Q. I am asking you the question.—A. You are putting words into my mouth.

Q. I am asking you the question. You are not a child.—A. Ask them and I will answer.

Q. Did you write any letters?—A. I say I don't remember writing any letters.

Q. If letters were written they would be copied in the firm letter books?—A. Maybe in the firm letter books. If there were any letters to Mr. Harding they would be in the firm letter books.

Q. That is the reason I say I want the firm letter books from the factory from the first of January, 1904 to the present time. Now then, what else have you got there, did you receive letters from him?—A. I don't remember of any.

Q. Eh?—A. I don't know, remember, no, I don't remember of seeing any letters, I don't remember receiving or sending any.

Q. No notes?—A. No.

Q. No little requests in writing?—A. To change cheques?

Q. In writing?—A. Yes.

Q. Where are they?—A. Probably in the office in my drawer.

Q. Will you see we get those?—A. Yes.

Q. Did he come there with them himself?—A. No, he sent a messenger.

Q. Who is this messenger?—A. He must have been a pretty busy man about town.—A. He asked me to exchange cheques.

Q. What was the name of the messenger?—A. Sometimes Mr. Allen, Bob Allen, and some other fellow, I don't know the boy's name, a young one. Robert Allen was the one who came, I think.

Q. You know Mr. Allen very well?—A. Yes.

Q. And you know Mr. H. H. Brown very well?—A. Yes.

Q. He is a personal friend of yours?—A. No; he is a young man.

Q. About 30?—A. No, I don't think he is that old.

Q. So it may have been Mr. Brown sometimes?—A. No, I never saw Mr. Brown.

Q. You never saw Mr. Brown with that kind of message, I see. And that is the only one you remember. Then did you ever get any cheques from him, Mr. Harding?
—A. I might have, yes.

Q. You might have received some cheques from him?—A. Yes.

Q. You are not quite sure?—A. Well—

Q. We are getting away now from the exchange pretty well, are we not? A little while ago it was a matter of exchange of cheques; now you say you may have received some cheques from him. Where did the exchange come in?—A. Paid in money instead of cheques.

Q. That is the kind of exchange of cheques?—A. So long as I got value of the cheques what more did I want?

Q. That is the way, is it?—A. So long as you get value what more do you want? The cheque was paid most of the time with money, sometimes with cheques.

Q. So you are not sure you got cheques from him?—A. I can't remember.

Q. You cannot remember ever seeing any cheques from him?—A. Not so strong. You are putting those words in my mouth.

Q. It is for you to answer.—A. I did not see any specific cheque

Q. Do you remember ever receiving a cheque from him?—A. Yes.

Q. When?—A. I could not specify the date. I know I received a cheque from Mr. Harding.

Q. What for, how much?—A. Well, for Mr. Harding's loan.

Q. Can you tell me the amount of any cheque?—A. Well, these cheques, nothing could call to mind, except the amount would be about \$75.

Q. When you got a cheque from him what did you do with it?—A. No doubt deposited it in the bank.

Q. Eh?—A. No doubt I deposited it in the bank.

Q. When, would you deposit it the same day?—A. No. I might deposit it two days, three days, or a week, it might be a fortnight afterwards.

Q. It might be two months?—A. Hardly as long as that I should not think.

Q. Hardly a year?—A. Afterwards?

Q. Yes?—A. We would not keep it out long.

Q. 'We would not,' you mean the firm?—A. Unless he asked me to hold the cheque over.

Q. Over a year?—A. Yes.

Q. You would not hold it over a year unless he asked you to hold it a year?—A. I never had occasion to hold it over a year.

Q. You were never asked to. If he asked you, it would be all right?—A. In Mr. Harding's case if he asked.

Q. A thousand dollar cheque, if he asked you to hold it for a year would you hold it all right?—A. I would not say a thousand dollars.

Q. About that, \$750?—A. No.

Q. Where do you draw the line?—A. It just depends. I don't believe the firm would advance it at all.

Q. Eh?—A. They might advance one cheque not that amount.

Q. Meantime you were getting orders from the department right along?—A. Yes.

Q. Orders were flush, \$14,000 a year, over a thousand dollars a month, coming in well?—A. You might think so.

Q. Is not that right?—A. If you say so it must be.

Q. What do you say?—A. I say it is a very good account.

Q. And all the time you were giving him these cheques you were getting orders from the department?—A. Selling to the department.

Q. Yes, selling to the department. And that is where the business part comes in, I suppose, of the transactions?—A. What do you call the business part?

Q. What do you call the business part? You are the witness?—A. We were selling goods to the department at the market rate.

Q. I dare say, but you were doing business all the time and exchanging cheques, you were giving these cheques?—A. Certainly, I gave Mr. Harding my own personal cheque.

Q. Business transactions?—A. Mr. Harding has been a friend of mine, as I said for 40 years. I would give it to him if he was not in the department.

Q. Did you shut your eyes to the fact that you were getting orders from him?—A. That I—

Q. Listen. The particular question is all I want you to answer. You did not shut your eyes to that, did you forget it?—A. I didn't have to.

Q. You did not have to forget it. Then at the time you were making those advances to him you knew you were getting business from him in another capacity as agent?—A. Of course I knew that.

Q. And they were more or less connected?—A. No, sir, they were not.

Q. Well now—A. I tell you Mr. Watson, Mr. Harding borrowed from me before this government ever came in power.

Q. It is just an answer to the question I want, not an apology for an answer. Then you undertake to say that although you were getting these business orders from Mr. Harding as agent.—A. Yes.

Q. To these large accounts as they exist here, and at the same time making personal advances to him as favours to himself?—A. As accommodation sir.

Q. Listen. That there was no possible business connection between the two? And yet you are a human being. Do you say that?—A. I say it made not the slightest difference if Mr. Harding—

Q. I did not ask you anything more.—A. I would do it if he was agent or not.

Q. Was there a connection between the two?—A. Not between the accommodation or order.

Q. Between the two transactions?—A. Not in my mind. It was personal, it was not a firm matter.

Q. Do you mean to say that T. McAvity & Sons are different from any other firm?—A. I do not pretend at all. I say my connection with Mr. Harding has been so long established I would not hesitate at all, if I had the means, to lend to him at any time. I lent it to him personally, not the firm.

By Hon. Mr. Cassels:

Q. Have you any interest in the firm?—A. Yes.

Q. Do not these profits from the government go to the firm?—A. Yes.

Q. Don't you get a share of the profits?—A. Yes.

By Mr. Watson:

Q. Those were in your mind?—A. No, I never thought of it.

Q. I see, Mr. McAvity never thought of the profits, that is the position, is it?—A. The business position.

Q. You never thought of profits. What was Mr. Harding doing with the money? He was a great personal friend of course you would know, he would tell you?—A. I never asked him.

Q. I see. You never asked him. You were advancing him these large sums of money and never asked a question?—A. I never asked a question.

Q. That is consistent, never asking a question is consistent with the fact that you knew an order would come in the next day from the department, is it not, as a business man?—A. No.

Q. As a practical business man, Mr. McAvity, it is very consistent, asking no questions is consistent with the understanding about orders?—A. No understanding whatever.

Q. Is it not consistent?—A. It may be from your point of view, not from mine.

Q. You knew he was a salaried official at a comparatively small salary?—A. Yes.

Q. I suppose you knew he was getting about \$1,800 a year?—A. Yes.

Q. Yet he was getting large sums from you and you never had any idea whatever what he wanted the money for. He exchanged cheques with you for large sums, \$500 or \$600, and yet you had no idea what it was for, no questions?—A. No questions.

Q. That is a good business proposition sometimes, no questions?—A. He got cheques if we were not doing any business.

Q. You recognize that?—A. It made no difference. He would have got the cheques if we were not doing any business.

Q. But you recognize it is an excellent business proposition, no questions?—A. From your point of view.

Q. Do you recognize that?—A. No.

By Hon. Mr. Cassels:

Q. Did you ever press him for payment of his cheques?—A. No, sir.

Q. As I understand it, the transactions took two forms: One would be advances of money which he would subsequently repay by cheque, the other would be an exchange of cheques, you keeping his cheques until he was in funds?—A. Usually he refunded in money.

Q. You would never ask him for money, he would return it at his will?—A. I have telephoned if long after, I would ask him if it was convenient to pay.

Q. Did you ever charge him interest on those advances?—A. No.

By Mr. Watson:

Q. Then you were granting him personal favours?—A. Yes.

Q. So you were granting personal favours to the departmental agent who was giving you orders, that was right?—A. Certainly.

Q. And who was paying your accounts. You knew that, and you had in your mind, of course, that that was an improper position and condition of affairs, hadn't you?—A. No, I hadn't in my mind.

By Hon. Mr. Cassels:

Q. You have it in mind now?—A. Because I was doing some business when he had no favours.

Q. Don't you think so at the present time?—A. As the matter stands now I admit. I did not know then, I thought I was the only one.

Q. You thought you might do wrong if you were alone in doing it?—A. No; I thought I was assisting my own personal friend.

By Mr. Watson:

Q. Assisting your own personal friend?—A. Yes, that is what I thought.

Q. I see you have been dealing with the department for very large amounts. Did you ever disclose to the minister the great personal friendship that existed between you and the agent of the department here?—A. I asked him for an increase of salary for the engineer.

Q. You asked him to increase the salary?—A. Yes.

Q. Was it increased accordingly?—A. I think not, I don't know.

Q. Did you ever disclose the fact that you were granting personal favours?—A. No. I think I did tell him he was a personal friend of mine.

Q. And you were doing him personal favours?—A. No.

Q. You appreciate that if you had disclosed the condition of affairs between you and Mr. Harding your accounts would have been cut off, or his head would have been cut off?—A. It may be.

Q. You appreciate that, and you did not disclose that condition of affairs?—A. I did not.

Q. And yet you are one of the very leading firms of Canada doing business. That is the whole position, is it not?—A. That is how you put it.

Q. That is what you think then, I see. Now then, what is the extent of the transactions between the firm and Mr. Harding?—A. I don't know.

Q. Have you not made any inquiries?—A. No.

Q. No inquiries at all?—A. Mr. John A. McAvity and the bookkeeper will answer for the firm.

Q. Have you not made any inquiries?—A. No.

Q. Did you not do it last night or this morning?—A. No sir, I did not.

Q. You are in blissful ignorance?—A. I thing so.

Q. Better not to know, is that it?—A. No. I don't butt in on other people, that belongs to other people. I run my department, they run theirs.

Q. But you would not be surprised to know it has been very extensive?—A. I know there is a loan, I don't know what the amount is.

Q. You know he was getting personal advances from the firm?—A. Occasionally.

Q. So it was not limited to yourself?—A. Certainly.

Q. And was that a matter of pure friendship between Mr. Harding and the firm?—A. No; he always paid it.

Q. Always paid it?—A. Yes.

Q. I see. That was different from you. He did not pay you, he paid the firm?—A. He paid me too, and will pay.

Q. How long before he paid the firm, a year or so sometimes??—A. I could not say.

Q. Will you be kind enough to get the record yourself from the firm?—A. I think the firm is here now.

Q. You are the firm?—A. I think they are here now.

Q. So we will have to finish up with you, Mr. McAvity, when we get those other papers. I refer to your personal accounts and the firm accounts. Will you get those, please. In the meantime is Mr. John McAvity here?—A. Yes.

Mr. WATSON.—Would your lordship care to sit any longer?

Hon. Mr. CASSELS.—Just as you like.

Mr. WATSON.—Will you be here to-morrow at 10 o'clock with the papers, Mr. McAvity. We will finish with you then?—A. Yes.

JOHN A. McAVITY, sworn.

By Mr. Watson:

Q. You are the eldest of the brothers, are you?—A. I am not the eldest of the brothers.

Q. You have been here during the examination of your brother?—A. Only for a few moments.

Q. You are actively engaged in the hardware part of the business?—A. Yes, sir.

Q. And have you anything to do with the factory part?—A. I know about the factory part, I know of the sales in the city.

Q. So you are familiar with the business in the factory as well?—A. Somewhat.

Q. And you are the president of the company?—A. No sir I am not.

Q. Your brother Thomas?—A. Yes.

Q. Who is the general manager, is there a general manager?—A. We are all general managers.

Q. You are all general managers?—A. Yes.

Q. We have been pointing out to Mr. George McAvity that the transactions between your company and the Department of Marine and Fisheries have been very extensive, or quite extensive, the largest in this Province, about \$42,000 in three years. You have that in mind no doubt, and you know, I suppose, that you were getting more orders than any other firm or company in the Province?—A. I did not.

Q. You did not?—A. I did not.

Q. You knew what you were doing for them, and it was considered a good account, an excellent account. Is not that so?—A. Considered by whom.

Q. By the firm?—A. Yes, sir.

Q. As an excellent account, one of the best accounts?—A. No, sir.

Q. From year to year?—A. We had as good accounts.

Q. It was one of the best accounts—A. One of the best accounts.

Q. Yes.—A. It was a good account, not the best account.

Q. I see, one of the best accounts?—A. A good account.

Q. Can you say whether or not it was one of the best accounts?—A. I say it was a good account.

Q. You won't go more than that, you stick to that answer?—A. Yes.

Q. And you were anxious to have the account?—A. We did not push it very much.

Q. Not very much—just the usual push?—A. Yes.

Q. It did not require more than the usual push to get it?—A. To what?

Q. To get the account and to keep it?—A. We did not solicit the account.

Q. Are there others in the same business in St. John?—A. Yes, sir.

Q. Who are they?—A. All the names in our business?

Q. Yes.—A. Thorne & Co., Robertson, Foster & Smith—

Q. Is that one firm?—A. Yes, and ourselves.

Q. That is three firms?—A. Yes.

Q. Three of the leading firms. All wholesale?—A. And retail, both.

Q. So there is plenty of competition?—A. Yes, sir.

Q. And I see that the others appear—well, they hardly appear at all. You got on the inside evidently, and Mr. Harding no doubt helped you in that matter, you got orders from him?—A. From Mr. Harding.

Q. You understand he has a certain discretion that he uses in giving orders?—A. If the prices are right he gives the orders.

Q. And that he has discretion whether he will give orders to you or to other firms?—A. I presume he could.

Q. That is what your understanding was, he had a discretion whether he would give an order to you or whether he would give it to Thorne & Co., or the other firm. That is right, is it not? And that discretion has generally come your way, is not that it?—A. When we got orders we filled them.

Q. Of course, that is business. So you appreciate you have been of the favoured class?—A. We appreciate the business.

Q. And you have been specially favoured in receiving orders?—A. Yes.

Q. We agree in that fact. That puts you under more or less compliment of course to Mr. Harding and those who give the orders?—A. Whoever gives the orders we fill them.

Q. And in any way you can you are always ready to return the compliment?—A. Yes.

Q. And that is the reason you gave cheques or money from time to time to Mr. Harding—coming right down to the point?—A. Cheques or money.

Q. Yes.—A. I don't know of any cheques or money we gave him.

Q. You do not know of any cheques or money you gave him?—A. No, sir. We loaned him a cheque.

Q. Did you loan him a cheque?—A. Yes, sir.

Q. Did you give him a cheque?—A. If we did it is in the books. I don't know myself personally.

Q. Who attended to that?—A. Our bookkeeper, Mr. Costa.

Q. Who?—A. Mr. Costa, our bookkeeper.

Q. He attended to that?—A. Yes.

Q. Is he a member of the firm?—A. No.

Q. Has your bookkeeper authority to loan the company's moneys or to issue the company's cheques?—A. He has no authority.

Q. As a matter of compliment, a favour?—A. But if he is told to give a cheque he will do so.

Q. Who told him to give those cheques?—A. I told him to give one cheque.

Q. And who told him about the others?—A. I think I have told him about two of them.

Q. Why did you say one? Two. Then what about three? Come on, up the ladder. How many was it?—A. I don't know the first thing about it, sir.

Q. But you know about one or two?—A. Yes.

Q. What about the rest?—A. I cannot tell any more. There may be more, I really don't know.

Q. That is, you may have told him 25 or 50?—A. I might have, possibly.

Q. I see. Mr. McAvity, is it quite fair to start off and tell me one and now say you may have told him 50, that is the position?—A. Yes, that is the position.

Q. That is the position you take?—A. Yes.

Q. Then that is 50, you may have told him 50 during the last 18 months?—A.—He has the record.

Q. Listen. During the last 18 months you may have given directions for 50 cheques to be issued?—A. I could not say.

Q. It may be that many during the last six months?—A. I could not tell you. I am sure it is not though.

Q. Eh?—A. I am sure it is not though.

Q. I see. You signed those cheques yourself?—A. Some of them.

Q. Made payable to his order, Mr. Harding's order?—A. I really do not know.

Q. Have you any idea?—A. Have I an idea?

Q. Yes.—A. No, sir. I can't tell you an idea.

Q. Have you any idea whether they were made payable to his order?—A. To his order?

Q. Yes. Come down to it.—A. They were paid in cash.

Q. Oh yes, you know that. You had an idea, you knew they were not payable to his order?—A. My recollection is they were payable in cash.

Q. So you would want to give him \$500, Mr. Harding?—A. Give him?

Q. Well, you would want to issue him a cheque that he would get the proceeds of, amounting to \$500, that would be in your mind, and that being in your mind you would write the cheque payable to cash and not to Mr. Harding?—A. I don't understand the way you put the question.

Q. Do you mean you do not understand what answer to make?—A. I don't understand. Will you repeat that, please?

Q. I will with pleasure.

By Hon. Mr. Cassels:

Q. Do you remember the amount of one of the cheques?—A. There is one cheque I remember the amount of.

Q. How much?—A. \$425.

Q. You made that cheque payable to cash?—A. Really, I cannot tell you that. The book-keeper has the run of it. I really don't take care of it at all.

By Mr. Watson:

Q. Now, let us see. Get down in to the usual way and manner of thinking and let us start off with this. Before you signed the cheque for \$400 odd you knew he was to receive the money, did you not?—A. I knew it was on loan, yes, sir.

Q. I did not ask you about loan. You knew who was to receive the money?—A. Yes.

Q. It was to go to Mr. Harding?—A. Yes.

Q. And that was in your mind?—A. Yes.

Q. Here is a cheque for Mr. Harding—A. He returned that.

Q. Listen. I did not ask you about that. You knew that?—A. Yes.

Q. And you knew that was something out of the ordinary course of the company's business?—A. Yes, sir.

Q. You knew that too, and knowing then that you were signing for the company a cheque for \$400 odd that Mr. Harding was to get, can you tell me why you did not put Mr. Harding's name in the cheque?—A. A loan, sir.

Q. Oh, a loan. That is the best kind of reason for putting his name in the cheque.

By Hon. Mr. Cassels:

Did you get any receipt from him?—A. He replaced it with another cheque.

By Mr. Watson:

Q. Now, then, the fact is, as I understand it, and I think you will agree, that the word cash was in so as to conceal his name. Is that not the plain truth?—A. We—

Q. Is that not the plain truth?—A. We put—

Hon. Mr. CASSELS.—Witness, you can answer that question. Just answer yes or no.

By Mr. Watson:

Q. Is that not the plain truth?—A. Yes.

Q. Quite so, that is the way it was. And that is so in connection with all the cheques so made, and no doubt with all the cheques made by everybody in the same way so as to conceal his name, and the reason for concealing was that he was agent of the Marine Department—the plain truth?—A. I do not think so.

Q. Then what was the reason for concealing his name?—A. He paid those cheques.

Q. At the time you gave the cheque he had not paid it, had he? At the time you gave the cheque, you signed the cheque he had not paid it?—A. He gave his cheque in return.

Q. He gave his cheque in return?—A. Yes.

Q. At that time?—A. At that time.

Q. Always so?—A. Always so.

Q. His cheque was not to be paid except at his pleasure?—A. Paid within a very few days.

Q. At his pleasure?—A. Yes.

Q. Sometimes running over a year?—A. I couldn't tell you how long.

Q. Maybe two years?—A. The record will show, the book-keeper's records.

Q. I did not ask you about records. It may be two years?—A. I could not say.

Q. You would not be surprised?—A. I do not know.

Q. You would be surprised?—A. I do not know I am sure.

Q. You don't know you are sure. It might be two years?—A. It might be.

Q. Now then, you have already said that the cheques were made for cash instead of in his name so as to suppress and conceal his name; yes. Now, was there any other reason for concealing his name than the fact that he was the agent of the Marine Department, was there any other reason than that?—A. Just repeat that again, please.

Q. Was there any other reason for concealing Mr. Harding's name than the fact that he was the agent of the Marine Department?—A. We do it with others.

Q. I did not ask you that. Was there any other reason for concealing his name than that? You were deliberately concealing his name?—A. Yes.

Q. And at that time you knew he was the agent of the department?—A. It did not make any difference.

By Hon. Mr. Cassels:

You had a motive for concealment, that is what Mr. Watson is asking.—A. Well sir, we can show you we do that with other people outside.

Q. You said you purposely left out his name to conceal it?—A. Yes sir.

Q. You did not conceal his name without a motive. Was that the motive? In plain English you were dealing with the department, you were getting orders and purchases from the agent who supervised the work and passed your accounts, was not that the reason?—A. No sir.

Q. You pledge your oath to that?—A. Yes sir, that was not the reason.

By Mr. Watson:

Q. What was the motive, as a business man?—A. It was not business, it was friendship.

Q. And in friendship you conceal. I never heard of friendship like that before. Because it was a matter of friendship that was the reason you should conceal his name; that is right, is it? You see how that works out, is that right?—A. Well, it is a loan.

Q. Never mind, don't make a speech. Is that the reason for concealing his name, because he was a personal friend?—A. Yes.

Q. And because it might injure him as a personal friend?—A. I suppose so, yes.

Q. And in what way injure him, with the department if known; that is right?—A. I admit it is a wrong thing to do.

Q. I did not ask you that. This personal friend you did not want to injure, you were afraid you might injure him with the department if that was known, was not that it?—A. Right.

Q. That just comes to the same thing we were asking a little while ago?

Hon. Mr. CASSELS.—Will you be much later, Mr. Watson?

Mr. WATSON.—Not this evening, my lord.

Q. Will you be here at 10 in the morning, Mr. McAvity?—A. Yes.

Q. Are the books here?—A. Yes.

Q. I will want them again to-morrow morning at 10 o'clock.

Adjourned at 5.10 p.m., to 10 a.m., to-morrow, November 26th.

November 26th, 1908, 10 a.m.

Mr. G. TEED, K.C., appears on behalf of Mr. Harding, the agent.

Mr. WATSON.—My lord, I wish to state this morning that Mr. Morris, the engineer, to whom reference has been made in the evidence of one or more witnesses, will be at liberty to come forward and tender himself as a witness on his own behalf, and if he so desires he may be represented by counsel. I wish that should be made public, with your lordship's permission, so that he will not be under any misapprehension, but will be well aware that he has his right to come and tender himself and to make any statements he may see fit.

And the same, my lord, with regard Mr. Kelly, to whom reference was made in evidence, by the witness, Mr. Mooney, last evening.

Then, further, my lord, I want to refer to the circumstances that my learned friend and I have been from time to time receiving written communications, some of them anonymous and therefore of course quite useless, one or two others in the names, purporting to be in the names of persons, one particularly from Mr. John N. Smith, giving information or making reference to circumstances. We have made every effort to find Mr. John N. Smith; we do not find his name in the directory.

Hon. Mr. CASSELS.—No Smith in the directory?

Mr. WATSON.—No, my lord. If he should happen to be present, or if there is any one present who could identify him to enable us to get into personal communication, we would be very glad indeed. Of course, my lord, every one here and elsewhere would appreciate that my learned friend and I are as anxious as possible to get all information that is material from every possible source, and that it is not only

our duty, but the duty of every one else to afford such information as will make the investigation as thorough as it can reasonably be.

If Mr. John N. Smith is present I wish he would answer. I am afraid it is an assumed name, my lord.

Mr. TEED.—May it please your lordship, I would ask permission to appear on behalf of Mr. Harding, the agent of the department here.

Hon. Mr. CASSELS.—Any official of the Marine Department who is accused or on trial has the right to be represented by counsel. I laid that down at the beginning, and it has been acted on.

Mr. WATSON.—Then Mr. George McAvity. Well, as he is not here I will call Mr. John McAvity.

JOHN A. McAVITY, recalled

By Mr. Watson :

Q. Then, Mr. McAvity, I assume you will have well in mind where we were speaking in your evidence last evening ? We had reached the point of reference to your books. Will you please produce them now?—A. The bookkeeper has the books.

Q. I would like them from you ?—A. I am not familiar with the books at all, sir.

Q. But just produce the books, please?—A. (Witness produces books.) I do not understand them at all.

Q. Will you please open them up, and we will endeavour to understand them if possible. I suppose you occasionally look at the books, Mr. McAvity ?—A. Very seldom, sir.

Q. But occasionally ?—A. Yes, occasionally.

Q. And you are a business man of large experience ?—A. Not of bookkeeping.

Q. Of course not. Very many of us are not bookkeepers, still, we are more or less business men. You know how to look after the interests of the company, of course. Now then, have you endeavoured to make any investigation yourself ?—A. No, sir.

Q. Since the court rose ?—A. No, sir, I have not.

Q. Not at all ?—A. No, sir.

Q. Have you asked any one for information so as to assist you in giving your evidence ?—A. No, sir.

Q. Why not, Mr. McAvity ?—A. I did not know what to ask for. I told them to have the accounts ready, that is all.

Q. You told them to have the accounts ready ?—A. No, sir.

Q. Have you got an account in your books with Mr. Harding?—A. I presume we have, yes, sir.

Q. Then more or less familiar as you are, please turn it up ?—A. I would not know where to look for it. Honestly I do not know anything about the books. I have the bookkeeper right here.

Q. Never mind, I am not asking you about the bookkeeper. Are these the cash books ?

The BOOKKEEPER.—There (indicating.)

Q. Will you look at the cash book?—A. I will look at it. I cannot explain it.

Q. Just turn up the account of Mr. Harding in that book. Is there an index ?—A. No, sir, no index.

Q. Did you inquire whether there is an index?—A. Never an index to this book, I do not think so. Really, I tell you. I am not familiar with it.

Q. You said that before.

By Hon. Mr. Cassels :

Q. Are those carried into a ledger?—A. I am ready to give every explanation, and the bookkeeper will, too, sir.

By Mr. Watson :

Q. Don't make speeches, please. Just answer the questions. Are these carried into the ledger?—A. These are carried into the ledger, yes, sir.

Q. Then let me see the ledger of 1904?—A. I assure you I do not know where the ledger of 1904 is, sir, I could not pick it out.

Q. Is there an index to this book?—A. Is there an index?

Q. Will you look and see, please?—A. I really am not familiar.

Q. You have said that several times. Please look and see if there is an index?—A. I cannot find it, sir, I cannot find it at all.

Q. You cannot find any index?—A. No, sir.

Q. There is the index alphabetically and for the letter H., that will include Mr. Harding?—A. Yes, sir.

Q. And do you find any account there for Mr. Harding?—A. I don't see anything there.

Q. What is this at the end?—A. J. S.

Q. Who is that?—A. I don't know.

Q. Not J. What is Fred J., what is that?—A. That is Fred J. Harding and his address.

Q. That is?—A. Yes.

Q. Then that does refer to him?—A. I presume it does.

Q. Now, that is at page 10. Turn to account No. 10. Where is that?—A. I don't know where that it, I am not familiar—

Q. Look and see?—A. I don't know where that is, I am not familiar with the books.

Q. Look and see?

By Hon. Mr. Cassels:

Q. Mr. McAvity, haven't you as much knowledge as I have?—A. I have not.

Q. Can you take the book and refer back?—A. The bookkeeper is here.

By Mr. Watson:

Q. We do not want the bookkeeper, we want your evidence. You can easily take the book and turn back?—A. I am not familiar with the books.

Q. I was informed last night you were?—A. I said the bookkeeper, it will be much easier to get things from him.

Q. I was informed last evening your own bookkeeper expressed a great deal of indignation at the manner of your giving evidence last evening, and you then said, all right, you would produce the bookkeeper instead of yourself. Now then, is it the fact that you want to introduce him instead of yourself?—A. Only that he is more familiar with the books, sir.

Q. Now then, have you got the account—that is it, is it?—A. That is it.

Q. J. F. Harding. This is just a personal account?—A. Personal account, yes, sir.

Q. A small one. This is for work done, I suppose?—A. I really don't know what that is for.

Q. What do you think that is for?—A. I can think, but I want to know.

Q. You are head of the business?—A. I want to know, not think.

Q. Have you any idea what that is about?—A. Not any idea at all, sir.

Q. Can you as a business man and head of the hardware department, looking at your own bookkeeping, can you form any idea what that account refers to, what it means?—A. It means a gas bracket.

Q. For what?—A. I have no idea. It may be for Mr. Harding. He bought it, I suppose.

Q. You are coming to it now. You think this was probably furnished to him?—A. Yes.

Q. His account?—A. His account.

Q. All right. Now is there any other account there for Mr. Harding, do you know?—A. Yes, there is another account here somewhere, there ought to be. I presume that ought to carry somewhere. Here is an account here. (indicating.)

Q. That is an account there?—A. Yes.

Q. Quite so, Harding.—A. That is charged to him.

Q. There are debits to him. How much is he indebted to the firm or company at the present time in regard to personal account for goods and supplies?—A. A cheque of \$425.

Q. How much is he indebted at the present time for goods and supplies, do you know?—A. I don't know sir.

Q. You don't know?—A. No.

Q. The books are balanced at the end of each year?—A. Yes, sir.

Q. Let us see the balance book at the end of 1907, Mr. Bookkeeper.

The BOOKKEEPER.—Not here, sir. The balances are not here.

Q. Will you get it from the store, send for it immediately. Have you got your cheque books here?

The BOOKKEEPER.—I have the stubs.

Q. Have you the cheques here, have you got the cheques and cheque books?

The BOOKKEEPER.—Do you mean all the cheques.?

Q. For 1904?

The BOOKKEEPER.—They are not here. The stubs are.

Q. The stubs of the cheque books?

The BOOKKEEPER.—The stub of the cheque books.

Q. Now then, Mr. McAvity, can you form any idea to what extent Mr. Harding is now indebted for goods and supplies to him personally?—A. Can I ask Mr. Costa that?

Q. No. Can you yourself form any idea?—A. Only from what I see here.

Q. And you are looking at the ledger of 1904. Of course you appreciate that. Let us see the ledger of 1907 and 8. All in the same ledger?—A. Yes.

Q. Then can you form any idea from this how much the indebtedness is?—A. It is right here. I cannot do it.

Q. You cannot do it, do you say?—A. There appears to be an entry of a debit of \$425?—A. Yes sir.

Q. What was that for?—A. A cheque.

Q. That was October 29th?—A. Yes sir.

Q. That is a few weeks ago, a cheque you gave to him?—A. No sir, a cheque that we had in balance of his account.

Q. A cheque you had?—A. Yes.

Q. Have you got it now?—A. Have the cheque there Mr. Costa?

Q. Have you got the cheque here?

The BOOKKEEPER.—Yes.

Q. Where are the other cheques?—A. The cheques?

Q. Where are the other cheques that you received from Mr. Harding?—A. He paid them.

Q. I say where are they?—A. Have we got those here?—A. Are they at the store, do you know?

Q. Well now, Mr. McAvity, it will be necessary for you to withdraw and to get the information, because we require this information and require it through you as the head of that department, you see. Meantime you produce a cheque dated November 17th, 1906. I observe that does not correspond with that date. It is for \$425.

(Cheque marked Exhibit 285).

Here is the cheque, November 17th 1906. I thought that was October 29th, 1908, that was carried in?—A. That was carried in the cash-book.

Q. What was?—A. That cheque.

Q. This cheque?—A. Yes.

Q. But it is dated two years ago and more?—A. Carried all that time.

Q. November 17th, 1906, carried since then?—A. Yes.

Q. But was this intended for your company or firm, this cheque?—A. Exchange of cheques.

Q. Was this cheque intended for your company or firm?—A. He gave us one cheque for the other.

Q. I did not ask you that. Was this cheque written out being intended for your company or firm?—A. Yes.

Q. I see. And in the same way reference was made last evening, is payable to cash?—A. Yes.

Q. So the same system of suppression was used by him as by you, referring to last evening, apparently. That is right, is it? Is that right apparently, the same system of suppression was used?—A. Payable to cash.

Q. Yes, payable to cash in that way, and this cheque is marked payable to cash for \$425. It is not endorsed. How long has the bookkeeper had it in his pocket?—A. I don't know, sir.

Q. You do not know. Where did the bookkeeper get it?—A. From his cash book.

Q. How do you know?—A. I presume so.

Q. Oh, you presume so. Did you ever ask for payment of this cheque?—A. Several times.

Q. When?—A. Before Mr. Harding was sick.

Q. When did you ask for payment of this cheque?—A. Six months ago.

Q. Personally?—A. Personally.

Q. Personally?—A. Yes.

Q. And since that time?—A. Several times before that.

Q. What occasions?—A. The dates I could not tell you.

Q. The dates you could not tell. You never got payment?—A. We never got payment.

Q. And you never received payment of the personal account?—A. No.

Q. And that personal account has been running along for years?—A. I think some years.

Q. And it has not been paid?—A. It has not been paid.

Q. So that Mr. Harding has been running a personal account with your company or firm, the hardware department, for years, receiving goods and not paying the account. That is the condition, is it?—A. It appears so from the books.

Q. That is the condition, I see. And in addition to that you have been giving him cheques. How many cheques have you given him during this year of 1908?—A. I could not tell you.

Q. You could not tell. Could you make a guess?—A. Because they have been all paid.

Q. I did not ask you about payment. How many cheques have you given him during this year of 1908, do you think a dozen?—A. I thought I had to tell you exactly. I supposed I had to tell you the exact thing right to the letter.

Q. As nearly as you can recollect. Can you recollect a dozen? Never mind looking at the bookkeeper?—A. This year?

Q. This year; how many cheques have you given to him this year?—A. 1908?

Q. Yes.—A. I do not think we have given a cheque in 1908 to him.

Q. Eh?—A. I do not think I gave him a cheque in 1908.

Q. You have been looking after this personally?—A. No.

Q. Then who would give cheques to him if you did not?—A. I would, give him a cheque, he would send to me for it.

Q. How many times during this year has he sent to you for cheques, about how many times?—A. Not this year.

Q. Eh?—A. I don't remember this year.

Q. You don't remember whether or not for this year?—A. No.

Q. I suppose your check-book will tell?—A. It will tell.

Q. Will the cheque-book have anything in the stub of it to tell who cash is?
Let me see 1908. What year is this?—A. 1907, you see.

Q. Yes, 1907. Get May, 1908?—A. 1904, 1906, 1908.

Q. Where is the 1908 book?—A. I have not 1908.

Q. Will you ask for it, please?—A. That is all.

Q. Well, you will have to get 1908. Have you got 1908?

The BOOKKEEPER.—You asked me to bring the books from 1904 to 1907.

Q. Never mind. We want 1908. Please send for it right away. Then you cannot tell, Mr. McAvity, as a matter of recollection, how many there were?—A. No.

Q. In 1908, of whether there were any at all or not?—A. No. There might have been some, there might not.

Q. Listen. Will the stub cheque-book tell?—A. Yes, it would be marked.

Q. That is the foundation, I see. Now, then, this is 1907, is it not, how many cheques were issued to him in 1907? Have you prepared a statement of that?—A. It have not. I should have prepared a statement of that.

Q. Why not?—A. I left it all to the bookkeeper to prepare a statement. I thought he would be called upon. I am not familiar——

Q. You have said enough. Don't keep on talking, please. So that you have not any statement here?—A. I have not.

Q. Will you look at that and see if you find any, do you find any—of course, we would have been very glad not to have been under the necessity of putting in these cheque-books if you had produced a statement?—A. I produce everything right out.

Q. He has not got them here?—A. He could point them right out there.

Q. Show me a cheque for cash that went to Mr. Harding in 1907?—A. You won't allow the bookkeeper to pick one out?

Q. Can you do it?—A. No, sir. He is familiar with it.

Q. You cannot do it?—A. No, sir, I cannot.

Q. How many cheques were issued to him in 1907, do you think 20?—A. Do I think? Well, I state a dozen.

Q. A dozen in 1907?—A. I should think so.

Q. And the largest a couple of thousand?—A. A couple of thousand dollars, no, sir.

Q. What would be the largest according to your recollection?—A. The largest one we hold now.

Q. That was in 1906. I am speaking of 1907. What was the largest cheque you recollect of?—A. Well, \$365.

Q. \$365?—A. Somewhere about that.

Q. Did it get up to \$500?—A. No, sir, I don't think so at one time.

Q. And about how many were issued to him in 1906—about how many more or less than in 1907?—A. I should think about the same.

Q. And in 1905, about the same?—A. About the same probably.

Q. And in 1904?—A. About the same.

Q. So that your recollection now is that you issued cheques to him for about twelve a year, that would be about one a month?—A. Probably that might be so.

Q. One a month for \$300 or \$400. This is a firm cheque book?—A. Yes.

Q. A company cheque book?—A. Yes sir.

Q. Is this limited to the hardware business?—A. Limited to all our business, the hardware and all the business.

Q. Then it is not limited at all?—A. No, sir.

Q. This extends to all the business of the company?—A. Yes.

Q. It applies to the manufacturing as well as the hardware?—A. Everything.

Q. Do you mean there is only one cheque book for the whole year?—A. There is more than that; isn't it there?

Q. This is 1907. I should have thought you would have several cheque books in that business during the year?—A. That is all the cheque books we find.

Q. Only the one cheque book for 190—A. 1905.

Q. 1907. This commences, the first cheque here is dated November 27, 1908, according to the stub?—A. Yes.

Q. And the last one seems to be dated September 27, 1907. You think then that this cheque book would include everything between those dates?—A. There must be a month or two after that. That is September, is it not?

Q. Yes, September 25, 1907. We have not the one after this, he is getting that one?—A. Yes, that is right.

Q. How many accounts do you keep in your company?—A. I could not tell you.

Q. You could not tell how many accounts?—A. No.

Q. How many bank accounts, I mean?—A. One bank account.

Q. Only one?—A. Only one.

Q. For the whole business?—A. For the whole business.

Q. And that is in the—?—A. The Bank of New Brunswick.

Q. I see. Are all payments made by cheque?—A. Not all.

Q. Barring the small petty cash payments?—A. The large accounts are paid by cheque.

Q. Where is the limit? Is it not the fact that all business payments are made by cheque, barring small petty payments that comes out of the petty cash?—A. Yes. Monthly we pay the city bills.

Q. And these petty cash, petty disbursements are a matter of a few dollars each?—A. Yes.

Q. All other payments are made by cheque?—A. Yes.

Q. Quite so. So that all cheques are in this book?—A. Yes sir.

Q. Then you have a personal account, of course?—A. My own account.

Q. Yes.—A. I have.

Q. And are you in the same position as your brother, Mr. George McAvity, using that for other purposes than personal purposes, business purposes?—A. I have a private account for my own private use.

Q. And how many cheques have you issued out of that private account for the benefit of Mr. Harding?—A. Not one sir.

Q. Not one?—A. Not one.

Q. Eh?—A. Not one.

Q. In what bank is your private account kept?—A. The Bank of New Brunswick.

Q. The same bank?—A. The same bank.

Q. Then did you personally participate or have a knowledge of this special account that Mr. George McAvity referred to last evening?—A. No knowledge whatever.

Q. What?—A. No knowledge whatever of that.

Q. No knowledge whatever?—A. Of the special account either.

Q. No knowledge whatever of it?—A. No.

Q. Mr. George McAvity spoke of payments, or rather of issuing two or three cheques out of that for Mr. Harding. Was that fact communicated to you?—A. Out of which account was that?

Q. Out of the special account that was kept in his name?—A. Not to me, no, sir, I did not know it.

Q. Not to you. Did that special account consist of or contain firm moneys?—A. I know nothing about this special account.

Q. Did it have firm moneys in there deposited?—A. Not to my knowledge.

Q. You would know?—A. No, sir, not to my knowledge.

Q. Eh?—A. Not to my knowledge. I did not know about it until he had spoken yesterday.

Q. You are familiar with the finances of the business?—A. I don't handle the finances.

Q. Who does?—A. The bookkeeper.

Q. Is there any member of the firm who is familiar with the finances of the business?—A. Yes.

Q. Who is?—A. Thomas McAvity.

Q. He does what?—A. Thomas McAvity.

Q. Thomas McAvity does what?—A. He handles the finances of the business.

Q. Do you mean to say that you, Mr. McAvity, the president of the company—
A. I am not president of the company.

Q. What are you?—A. I am just a director of the company.

Q. Well, a director of the company. You are an active man in the hardware business. Are you not familiar with the financial condition of affairs?—A. No, sir. I am familiar to a certain extent.

Q. You do not take much interest in the finances?—A. No, sir, I look more to the buying.

Q. I suppose you know when to draw?—A. Perhaps I have to.

Q. When to draw out of the firm, therefore, you take an interest in the bank account from time to time. What my question is directed to is this: Apparently there was a considerable special account kept by Mr. George McAvity. I want to know whether that contained any firm moneys?—A. Not to my knowledge.

Q. Not to your knowledge. Is that as far as you go?—A. Yes.

Q. You appreciate that is not a very satisfactory answer?—A. I do not know, sir.

Q. You do not know, I see. In speaking now do you, or have you any interest directly or indirectly in that special account?—A. No interest whatever.

Q. Had you any knowledge of the destruction of the vouchers and books in connection with that account?—A. None whatever.

Q. Will you take a minute and pick me out a cheque there to Mr. Harding?—A. (Witness goes through stub cheque-book.)

Hon. Mr. CASSELS.—This was produced, Mr. Harding's cheque dated 19th March, 1906. I do not see any corresponding cheque on that date.

Mr. WATSON.—Yes, my lord.

Q. You occasionally got cheques from him, Mr. McAvity?—A. We got cheques, yes, sir.

Q. Of course, you knew at the time you got the cheques that there was nothing in the bank to meet them?—A. His cheques you mean?

Q. Yes. You were aware of that?—A. They were always paid.

Q. I did not ask you that. You knew he was without funds to pay the cheques?—A. We did not know his position.

Q. You never knew that?—A. He borrowed it for a few days.

Q. Did you know at the time you received his cheque it was not good at that date?—A. No, sir, we did not.

Q. Not at that date. At the date you received it you believed it was good for the bank?—A. We presumed it was not then, or he would not borrow.

Q. Then at the time you received the cheque you knew there were no funds to meet it?—A. I presume.

Q. Why do you say presume?—A. Because I did not know.

Q. That was the information you had?—A. I did not know.

Q. Those cheques were held by you off and on I suppose a year or couple of years, like this one of 1906?—A. That is the only cheque that was held; the others were paid.

Q. How do you know they were paid?—A. Because they were paid.

Q. How do you know they were paid, familiar with the business?—A. They told me they were paid. I have not got them now.

Q. They told you at the time?—A. Told me they were paid.

Q. At the time?—A. That we collected.

Q. At the time?—A. At the time.

Q. Then you were keeping yourself quite familiar with the finances of the company, were you not, you were looking after them pretty closely?—A. I was not.

Q. You were making inquiries?—A. Yes.

Q. About his cheques. Then when they were paid; let me see the entry of the receipt by the firm or company, would that be in the cash-book?—A. The cash-book, yes, sir.

Q. It would be credited to him?—A. We count them all as cash.

Q. It would be credited to him?—A. No.

Q. Would his name appear?—A. I don't think so.

Q. Why not?—A. Because it was cash.

Q. Because it was cash. But it was not cash, but something that had been carried over weeks or months, and this represented the amount. Why would you not enter his name when you were giving him credit?—A. We counted it as cash.

Q. But you knew it was not cash. Why did you not enter his name? Was that the same reason you mentioned last evening, so that there might not be a disclosure? I suppose the same reason, was it the same system?—A. That was.

Q. The same system?—A. No system about it really.

Q. You told me last evening?—A. Yes, sir.

Q. You do not want to withdraw what you said last evening?—A. You drew it out of me; it was not my intention.

Q. You were under oath and telling the truth?—A. You wanted me, I gave it.

Q. You mean you were unwilling to tell that?—A. No. I am willing to tell everything I know. Everything is above board. Everything I know I am willing to tell.

Q. What you have told or what has been drawn out of you is true?—A. I will tell everything just as plain without its being drawn out at all. I will tell it as plainly as I can.

Q. Then the fact is that these books contain no entry at all of the receipt of the moneys?—A. No.

Q. Is there any other book then that contains an entry of receipt of money?—A. The cash book there.

Q. I see. These are the cash books, are they?—A. The cash books.

Q. Now, we look at 1906. Here is November 1906, October 1 to December 1, 1906. We will look through the different dates here. I suppose you are reasonably sure his name does not appear there?—A. I do not know I am sure.

Q. Eh?—A. I am sure I don't know whether his name appears there or not.

Q. I see. Why would it appear here?—A. I don't—

Q. Do you think it should appear here?—A. No; if paid to cash it would not.

Q. It should not appear here, no reference should appear in the cash book to the payment by you to him of \$325 on the 17th November or previous to that time?—A. I do not understand what you mean by that, that is charged to his account.

Q. Here is a cheque issued by him to you November 17, 1906, cash \$425. Did you give him any money about that time?—A. Exchange of cheques.

Q. Did you give him any money at that time?—A. We gave him no money, but the cheque.

Q. That is the same thing?—A. Exchange one for the other.

Q. Now, was the payment of your cheque entered in any book?—A. In the cash book.

Q. Let us see it. November 17, find it please?—A. The cheque book stubs, please.

Q. The cash book you said. Here is the cheque book. Let us see.—A. If I was familiar with this I could find them. I am not familiar.

Q. You can find it in a minute?—A. Would you allow the book-keeper?

Q. Cannot you do it?—A. No sir.

Q. Look at the dates from the 15th November on.

Hon. Mr. CASSELS.—That is not very hard, to turn over and see whether the cheque is there or not.

By Mr. Watson:

Q. I think if I owed your firm \$1,000 you would soon be able to find the account in the books. Have you got November there, November 17, 1906? Here it is, \$425. F. J. H. That is it, is it?—A. That is it.

Q. I see. Now, is there any entry of that in any book. Let us see the cash book. Find it there, please. The 17th November, 1906, have you got it?—A. The 17th November?

Q. There is November 17th, there it is. Any entry there to show the cheque, the payment of it?—A. No payment of it if the amount was cash.

Q. What?—A. The amount would be counted as cash.

Q. The cheque is issued by you?—A. The cheque is issued by us.

Q. Yes, that is what I am speaking about. Any entry of the cheque issued by you, that is the payment? When you make a disbursement or payment you enter it in the books, don't you?—A. One cheque was changed for the other.

Q. No, it was not changed for the other, because here is the same old cheque. No change about that. Where is the payment of the money entered?—A. No payment. That is charged to his account.

Q. Charged to his account?—A. Yes; he did not pay it.

Q. He did not pay it; and owes it still. The same way I suppose with the personal account which you have spoken of and which has been running for years and not paid? That was intended of course as a bonus or gift account for him?—A. I don't know about that.

Q. What?—A. I don't know about that.

By Hon. Mr. Cassels:

Q. Where is that charged to his account?—A. Here (indicating).

Q. That is charged the 29th October last.

Mr. WATSON.—Yes, this is charged the 29th October, 1908, do you see. That is just a little bit before this investigation. What about before that time?

By Hon. Mr. Cassels:

Mr. McAvity, is it a coincidence that the date of this cheque being entered up against Mr. Harding on the 29th October, 1908 occurred just about the same time your brother was destroying his private books?—A. No sir, not at all.

Q. He gave the dates.—A. No, sir. That was carried on, the bookkeeper will explain that thoroughly.

Q. It is curious that they are on the same date. There seemed to be a straightening up, a destruction?—A. No, sir.

Q. I am talking of your brother. And at the same date a sort of bookkeeping entry there of a worthless cheque.—A. That was carried as cash and charged.

By Mr. Watson:

Q. Charged up on the 29th October of this year, I see. And not charged up apparently until that time?—A. Not until that time.

Q. Why was it charged up then? Can you explain. It was cash, you know. Why charged up a cash transaction?—A. To take it out of the cash book.

Q. Why were not the others taken out of the cash book?—A. They were paid.

Q. But before, when they came in the others may have run for a long time too. At all events, that is the course, and during all this time you were getting large orders from time to time from the department, and getting those orders through Mr. Harding, so that you felt you were under more or less compliment to him in respect to these orders. That is right, is it not?—A. No, sir, it was not for the orders at all

Q. I did not ask you that. You knew he was exercising a discretion in giving you practically a monopoly of the trade in that class?—A. We were the only ones on the list in that trade here.

Q. There are a great many others in St. John?—A. They are not on the patronage list.

Q. Nobody else on the patronage list? Just let us see it. No other hardware merchant on the patronage list?—A. I won't say that. We were on the list.

Q. Then you take that back, do you, that there is no other hardware merchant on the list?—A. Yes.

Q. You take that back, do you? Why did you say so? You did not know I had the list here, did you? Now then, there are a great many others on the patronage list, hardware merchants and many others, and you knew you were getting the patronage more or less through Mr. Harding's discretion, that is right, is it not? So in that way you were under more or less complement to him for his favourable discretion to you. That is right, is it not?—A. No, I don't think that is right.

Q. No compliment to customers?—A. No, no compliment at all.

Q. I see, not for their trade?—A. No compliment.

Q. The compliment is all the other way?—A. He had his orders from the department to go there.

Q. He had his orders from the department to go there. How do you know he had?—A. He had not a free hand to buy.

Q. How do you know?—A. I understand that.

Q. From whom, that he could not buy from anyone else than from you, who gave you to understand that?—A. I just had an idea, that is all.

Q. But you said you understood it. I want to know who told you that?—A. I knew we were on the list. That is all about it.

Q. Others are on the list too. Now, did anyone tell you that Mr. Harding had orders that he was not to buy from anyone else except your firm?—A. No.

Q. Where did you get the understanding you have just spoken of, was that imagination?—A. Not imagination. I knew we were in that line of business and supporters of the government.

Q. That is not the point at all. At all events, now you say it was not your understanding that you were to have the exclusive patronage, the exclusive orders; is that right?—A. Other things being equal we would have our share.

Q. I see. That comes down to a different proposition. All things being equal you would have your share of it. That is a very fair business proposition. That is quite different from the statement that you understood he had no discretion but must give you all the orders. We pass that. Then you knew that Mr. Harding was a gentleman in more or less straitened circumstances—I am not speaking disrespectfully other than I would speak of many other gentlemen here and elsewhere—you knew he was in more or less straitened circumstances financially?—A. I did not, sir.

Q. You did not?—A. No, sir.

Q. Any idea?—A. No idea of his circumstances at all.

Q. It never occurred to you that he might be in more or less straitened circumstances?—A. It did not, sir.

Q. The fact he brought you cheques, and no funds for the cheques, would not carry to your mind he might be in more or less straitened circumstances?—A. We have often that.

Q. That has nothing to do with the man's bank account?—A. No.

Q. I see. A man may have a huge bank account and still issue his cheque and not want cash?—A. The best of people borrow sometimes.

Q. That is not what I am asking you. Do you issue cheques without funds for them in the bank?—A. No, sir.

Q. Have you ever done so?—A. I never did.

Q. Have you asked Mr. Harding for favours, to hold your cheques?—A. No.

Q. Never done so ?—A. No.

Q. You were granting him a favour when you held his cheque ?—A. I was.

Q. You quite appreciate that. And this was done by the firm?—A. By the firm.

Q. As a business matter ?—A. Yes, sir.

Q. And at the time you were doing him these favours you were receiving orders from him as the agent of the Department of Marine and Fisheries: That is right, is it not, you were receiving orders during the same time ?—A. Yes.

Q. And you more or less connected the two in your mind ?—A. Oh no.

Q. Your mind would not carry that far?—A. Perhaps not.

Q. I see. That would be something that should not be in one's mind; is that right ?—A. I don't carry your idea.

Q. You don't carry my idea. I thought you were a man of practical affairs. At all events, that is the condition of affairs. Here is another cheque for \$430 issued to you on March 6, 1905, cash.

(Marked Exhibit 286.)

Mr. TEED.—That is Mr. Harding's cheque?

By Mr. Watson:

Q. Mr. Harding's cheque, March 6th, 1905. Is that right?—A. I have not a memorandum of the cheques issued. That is our cheque.

Q. That was deposited to your account?—A. Yes.

Q. You don't endorse it, I see, so you did not let anything be upon the face of the cheque, you put it in for deposit?—A. Payable to cash.

Q. And payable to cash, and you put it in for deposit, March 6th, 1905, \$430. Then November 4th, 1905, a cheque for \$340. Do you observe that?—A. Those cheques were all paid.

(Cheque marked Exhibit 287).

Q. I did not ask you that. Why do you want to get it in so? T. McAvity & Sons the same way, 1905. Those are just a few of the cheques. Then here is one for July 13th, 1905, that is only \$9.60. How did you happen to get that cheque from him? You do not recollect, I suppose?—A. No, I don't.

(Cheque marked Exhibit 288).

Q. Another one, October 25th, 1906, that is a small one, \$6.35. You could not tell about that?—A. No.

(Cheque marked Exhibit 289.)

Q. Here is one dated April 18th, 1907, to the firm for \$199.50. You cannot tell anything about that?

(Cheque marked Exhibit 290).

Q. Then, April 25th, 1907—that is the same date, I think—\$240. What about that cheque?—A. I don't know anything about it.

(Cheque marked Exhibit 291).

Q. What is this on the back of it? This seems to have got into other hands, Mr. George McAvity?—A. I don't know, sir.

Q. What is that written on there?—A. I don't know what that is.

Q. What do you think it is?—A. It looks like G. McAvity.

Q. Of course it is G. McAvity. Now, what had G. McAvity to do with this?—A. I know nothing at all.

Q. This connects him with this cheque. Some peculiar transaction. \$240 payable to cash, G. McAvity. Whose writing is that, G. McAvity's?—A. I don't know, sir.

Q. The book-keeper's or yours?—A. Possibly the book-keeper's.

Q. Is it yours?—A. No.

Q. One of your brothers?—A. No.

Q. You don't think your brother's?—A. I would not take it for any one of my brothers writing.

Q. You would not?—A. I would not.

Q. But there is the circumstance that evidently Mr. George McAvity was to be seen about that cheque?—A. Only by the name on the cheque.

Q. Would you think so?—A. I would think as you do.

Q. You would think as I do. November 18th, 1907, \$445. The same sort of thing is it? Do you see that?—A. I see that.

Q. The next one is July 16th, 1908, \$26. What is that for?—A. I could not tell.

Q. You could not tell. Is this entered in that account, July 26th, 1908? Let us see that personal account of his. \$26.46. Why, it is not there. And yet this is a cheque made to the firm, not to cash. How did you discriminate that time?—A. I could not tell you sir.

Q. You could not tell?—A. No.

Q. This looks upon its face as though it might be in payment of an account, yet it is not credited at all that I find—no, it is not there. You cannot explain it?—A. I cannot explain it.

Q. Again, July 20th, 1907, \$375, the same way?—A. I don't know about that.

Q. The same way. December 14th, 1907, \$90, the same way?—A. Yes.

Q. January 17th, 1908, \$215. I do not find that there. The same way is it? Then again 21st February, 1908—I thought you were not getting any in 1908. Were you making advances to him in 1908?—A. If there is a cheque we must have.

Q. Then you must be wrong in your idea?—A. You asked me to guess it and I guessed it.

Q. You guessed it safely, you guessed wrong. So apparently there were quite a lot in 1908. What is the last one, come down to the last date?—A. I really don't know.

Q. Just a few weeks ago?—A. There was nothing a few weeks ago that I know of.

Q. A month or so ago?—A. I don't recollect.

Q. That is as far as you want to go, I suppose, that you don't recollect it?—A. Well, I don't know sir, I don't know.

Q. This one of 21st February, 1908, is for \$367. Quite a lot of them we pick out. We have not got them all, I understand. Then were there any cheques issued to you personally?—A. To me personally?

Q. Yes.—A. No sir.

Q. Or that name?—A. How do you mean, personally?

Q. Your name.—A. In my name?

Q. Yes.—A. No.

Q. Or the names of any other members of the firm?—A. Not that I know of.

(The following cheques were marked as Exhibits:—

(Cheque for \$375, dated July 20th, 1907, Exhibit 292).

(Cheque for \$445 dated November 18th, 1907, Exhibit 293).

(Cheque for \$215, dated January 17th, 1908, Exhibit 284).

(Cheque for \$367, dated February 21st, 1908, Exhibit 295).

(Cheque for \$26, dated July 16th 1908, Exhibit 296).

(Cheque for \$90, dated December 14th, 1907, Exhibit 297).

Q. Now, then, have you got that cheque-book here of 1908—the one that the book-keeper sent for?—A. Yes.

(Produced.)

Q. This is the one for 1908. Let us look at February. Then the plain fact is more or less you were carrying Mr. Harding? You understand the expression?—A. Yes. Not carrying him, loaning to him.

Q. Not carrying him at all, not even for this \$425?—A. We carried that, yes, sir.

Q. Then more or less I say you were carrying him?—A. That would not be carrying him, \$425.

By Hon. Mr. Cassels:

Q. Mr. McAvity, that cheque for \$425, dated the 17th November, 1906, is carried into your accounts on the 29th October, 1908, and I presume is written off as a bad debt?—A. Not yet.

Q. Well, it will be; it may or may not be now. What I would like explained is this: I notice these other cheques put in, which you say were similar transactions, were redeemed, some within a week, others a fortnight, others ten days, as appear on the back. How do you explain advancing moneys after the 17th November, 1906, when he was in default to you for this \$425?—A. It was a promise to pay it right back.

Q. Now, see, if it was the same kind of transaction as these later transactions it would have been paid within a week or a fortnight as these others were. Now, he had not paid that \$425, notwithstanding, as you say, he promised to pay it?—A. Yes, sir.

Q. How do you account still going on between that period and the present time giving him cheques for the large amounts put in?—A. Well, we did that on his promise to pay it right back.

Q. Taking your statement you did it on his promise that he would pay it right back, he did not pay it right back?—A. No, sir.

Q. And having broken his promise, you go and give him a cheque for a large amount and keep on giving him cheques for large amounts which happen to be paid. Can you account for that at all?—A. No, sir.

Q. You understand what I am asking for?—A. I do, exactly.

Q. You see, it may be all right, or it may be all wrong. It has the appearance as if this cheque was a cheque of a different character, such as your brother spoke of yesterday?—A. I think the book-keeper can explain that better than I can.

Q. I do not care about the book-keeper. You are the man lending the money and signing the cheques. The fact is on the face of the cheque it was running two years, yet you continued paying him cheques notwithstanding that he broke his promise to pay this right back, you continued giving him more?—A. One more.

Q. A good many more than one. You cannot explain it?—A. No.

By Mr. Watson:

Q. Now, I see—following up his lordship's observation—in January, 1908, there were two cheques issued to him, one for \$215 and one for \$360, February 21st, 1908, that last one was dated for \$367. So in those two months there were three cheques issued, and you cannot explain that?—A. No.

Q. Now, we will see from the book-keeper what others were issued in 1908.

MR. WATSON.—Meantime, my lord, I will have to ask that these cheque books be marked.

Q. Mr. McAvity, if you will have accurate statements made up from the books we will be able to give these back to you before his lordship leaves; otherwise they will have to be carried along with us.—A. Have the statements made up? What statements?

Q. From the books showing the cheques that have issued to Mr. Harding, do you see, with the dates?—A. Yes, sir.

Q. So it is in our mutual interest it should be done.

MR. WATSON.—I think, my lord, the system is disclosed pretty fully. I do not know if there is any necessity to follow upon this line.

Q. Now, you had to do with furnishing steamers to a large amount?—A. A large amount.

Q. How much have you furnished for the steam yacht that is here in town or in the waters about the town, that launch?—A. I could not give you the amounts. I am not familiar with the amounts.

Q. But you have been furnishing for that from time to time?—A. Yes, but the amount I could not tell you.

Q. A gasoline launch like that would use up a good deal of material?—A. What it would require I presume.

Q. And you have been aware,—or have you been aware—that Mr. Harding—I am speaking from information—has been using that launch for his own purposes and pleasure?—A. I never saw the boat, but I understood he was using it.

Q. You understood he was using it, I see. And you were furnishing goods and supplies for that boat from time to time, charging them to the department. That is right?—A. I do not recollect.

Q. They would be charged to the department?—A. That is on the books, they would be.

Q. And did you furnish that yacht with the furnishings and fittings, brass, iron and steel?—A. I never heard about it.

Q. What do you think that probably cost?—A. I really don't know.

Q. You know it?—A. I have not seen it.

Q. Well then, you would not know if you had not seen it. You do not know from your books?—A. I have not seen it.

Q. Then can you form an idea about how much furnishings and fittings you have supplied to the other boats during the last three years, that is to the *Lansdowne* for instance, how much did they cost, do you think, the furnishings and supplies?—A. Do you want a guess at that amount?

Q. What do you think?—A. Perhaps a couple of thousand dollars.

Q. Perhaps a couple of thousand dollars a year?—A. I think so.

Q. How much more than that?—A. I could not tell you.

Q. That would just be for brass fittings and the like?—A. Fittings and valves.

Q. What sum to the *Curlew*—your accounts will show?—A. Will show.

Q. And the same for the *Lord Kitchener*?—A. The *Lord Kitchener* would not have as big an account as that.

Q. Not as large an amount as that?—A. No.

Q. And the same for the *Lurcher*?—A. I don't know—no, no.

Q. Not the same?—A. I should not think so.

Q. Then you have been furnishing for lighthouses—A. Yes.

Q. Who gave you orders for the lighthouses?—A. They came officially from Mr. Harding.

Q. Through any one else?—A. No, sir.

Q. Any other official?—A. Yes, brought them.

Q. What official?—A. The janitor would bring them up.

Q. That is Allen?—A. Allen.

Q. Then what other officials did you come into communication with, Mr. Kelly?—A. Mr. Kelly—I know Mr. Kelly, that is all.

Q. What do you know of him?—A. I know nothing of him.

Q. Looking after your accounts and looking after your material?—A. I do not know him in that respect at all.

Q. You do not know him in that respect at all, I see. Does his name appear in your books?—A. It possibly does if he has an account there.

Q. He might have an account. And is that account in the same position as Mr. Harding's?—A. It is not.

Q. How do you know?—A. I know that his account is right.

Q. You know that his account is right?—A. Yes.

Q. Then you are keeping pretty well in touch with the business?—A. Well, I have some.

Q. Of course, I see. And was it a large account?—A. I don't know what the amount is.

Q. Look and see?—A. I don't know where to find it. If you will allow the bookkeeper—

Q. The bookkeeper will find it.

Hon. Mr. CASSELS.—Let me have the book, I will find it.

The BOOKKEEPER.—It is not in that ledger, it is down in the office. Those ledgers are all in use.

Mr. WATSON.—That is all right. Will you send for it, please. Ask the man to go now.

The BOOKKEEPER.—Do you want any others?

Q. We want all, Mr. H. H. Brown, Mr. Harding, Mr. Kelly, Mr. Bissett, and all of the others.

Q. So the books will show the accounts?—A. Yes, sir.

Q. How many of these accounts have been standing from time to time unpaid?—A. The books will show that.

Q. But you know very well about Mr. Kelly's account you say?—A. Kelly's account?

Q. Of course, Mr. Kelly is not different from anybody else. Were you suspicious of him?—A. Not at all.

Q. Then you had no reason for looking at his account more than at the others?—A. No.

Q. What about the other accounts?—A. What other accounts?

Q. The accounts of other officials?—A. What officials?

Q. Do you know who the other officials are?—A. Of which company, sir?

Q. Oh, heavens! The Marine Department we are talking about?—A. I know Mr. H. H. Brown. Mr. Bissett, I really don't know—we have an account with Mr. Bissett.

Q. How long has it been running?—A. I could not tell you. He is back here now.

Q. Have you been paid?—A. I asked yesterday, and it has been paid.

Q. You asked yesterday?—A. Yes.

Q. Oh, then, you have been getting information?—A. Yes.

Q. What information did you get about accounts being paid?—A. I did not ask about any other, only this account.

Q. You asked about Mr Bissett's?—A. Yes.

Q. Why not ask about the others?—A. I did not ask. The bookkeeper made out a statement.

Q. Let me have the statement he made out?—A. I have not got it. He has gone away now.

Q. What statement did he make out?—A. A statement of all the accounts.

Q. What accounts?—A. Official accounts.

Q. Why not tell me that before?—A. I told you he was familiar with the books and knew it all.

Q. So you have had statements made with all the officials?—A. Not statements.

Q. You just said you had statements made?—A. It is not right. I had no accounts made up. I told him to look at the accounts and see they were all right.

Q. And then you said he had a statement?—A. No; he had a statement of those cheques.

Q. That is a different thing altogether. Do yourself justice. What other officials have been dealing with the department except Mr. Bissett, Mr. Harding and Mr. Allen?—A. I don't think Mr. Allen was dealing there.

Q. You don't think he was?—A. I don't think so.

Q. Then what others than those two?—A. I don't know of any others.

Q. Mr. Richards?—A. I don't know him.

Q. Mr. Kennedy?—A. I don't know him.

Q. Are those lighthouse men?—A. I don't know.

Q. You don't know?—A. No, sir.

Q. Have you any account called lighthouse account?—A. We have some lighthouse account, I think.

Q. That will appear in the books?—A. Yes, sir.

Q. Find it there in that book.—A. I don't know where to look for it, I honestly do not.

Q. You honestly do not?—A. No.

Q. Now then, which of these officials has an account unpaid?—A. I could not tell you sir.

Q. You could not tell?—A. No.

Q. You could not tell how many of them?—A. I could not tell.

Q. Have you any idea at all?—A. I have no idea at all, sir.

Q. I see. They may all be so, they are in the same position as Mr. Harding in that respect?—A. Not at all sir.

Q. Not at all sir?—A. No.

Q. Well, you passed the favours around?—A. Absolutely no.

Q. Favours limited?—A. No favours.

Q. No favours, I see. How long has Mr. Bissett's account been running?—A. I could not tell you.

Q. Have you any idea?—A. Not an idea.

Q. About how much is the amount?—A. I do not know that either.

Q. May be \$1,000?—A. It would not be a \$1,000. He would not get \$1,000, he would not require that amount.

Q. I see. It is just a question of what amount is asked for?—A. We would not credit him for that amount of money.

Q. Would you, or would you not?—A. We would not, sir.

Q. Then what do you say as to the *Lansdowne*, who has to do with the furnishings, that is from the ship?—A. Mr. Harding sent orders to us.

Q. Then who else?—A. All that I know of—Captain Bissett.

Q. Then did you come in contact with Mr. Morris more or less?—A. I did not.

Q. Was he about the ship more or less?—A. Very little.

Q. Any account with him you recollect of?—A. I don't know.

Q. You don't know whether there was or not?—A. I don't know.

Q. Any account with Mr. Kelly?—A. Yes, sir.

Q. There was an account with him. And Mr. Schmidt?—A. I don't know him, I had no dealings with him at all.

Q. I thought most people knew Mr. Schmidt?—A. No.

Q. And Mr. McConkey?—A. I never heard of him, I don't know him.

Q. This was attached to that cheque of November 17th, 1906. A very polite little note:—'Dear John,' is that you?—A. Yes.

Q. 'Will it be convenient to exchange for the enclosed for a few days? If so, you will greatly oblige yours truly.' So that came to you?—A. To me.

Q. That is the way to address you, I suppose, when one wants favours? Do you think that relates to that, or have you any idea?—A. That relates to a cheque, sir.

Q. That relates to a cheque?—A. Yes.

Q. Who stamped on this date?—A. I could not tell you.

Q. That seems very business like?—A. I could not tell you.

Q. There is the date at the top, November 17, is that your firm's stamp?—A. I don't know.

Q. Its looks like it?—A. It may be.

Q. When was that put on?—A. I presume put on that date.

Q. A few days ago?—A. Not at all, sir.

Q. How do you know?—A. November 17, 1906, it would be.

Q. How do you know it was not put on a few days ago?—A. I could not tell you. It was not put in.

Q. If it was quite regular it would not be put on, that is what you mean?—A. I don't mean that at all.

Q. That is, in the regular course it would not be put on in the last few days?—A. It would not.

Q. Why stamp it all when you know the date?—A. There was no date, I think.

Q. Do you mean the year is not put on?—A. No.

Q. So you were particular to stamp the year on it when you got the cheque?—A. Well, I usually stamp things.

Q. But you did not stamp the cheque. I should think that would be more important to stamp. Now, you see we are missing these accounts. I think we will have to let you sit down, if his lordship pleases, while we get those other accounts from the other officials.

GEORGE McAVITY, re-called.

By Mr. Watson:

Q. Here is a bank book that starts September 30, 1906; this is one from September 30, 1903, up to September, 1904. Where are the other bank books? We have a whole lot of names running here—what does this mean in the bank book? You don't often see names entered in the bank book unless these are discounts. That is the bank book, is it not?—A. Those are discounts. I imagine so. What are those names?

Q. These are discounts?

The BOOKKEEPER.—Collections.

Q. But they are credited.

The BOOKKEEPER.—Collections that are paid.

Q. I want the other bank books. There are more than three books?

The BOOKKEEPER.—That covers from 1904 to 1907. Do you want the 1908? That covers the whole period.

Q. Yes. Besides, these do not cover the whole period.

The BOOKKEEPER.—They do.

Mr. WATSON.—That starts from 1906, that ends some time in 1905, this starts September, 1906.

The BOOKKEEPER.—I beg your pardon. I thought July, 1904.

Q. Get the others, bring them all.

Hon. Mr. CASSELS.—There are at least two other books.

Mr. WATSON.—Mr. McAvity, what have you produced this morning?—A. The letter books and the stubs.

Q. Let us have them, please?—A. (Produces.)

Q. Then you have got your cheque book since the date of the fire, October 27?—A. I do not understand you.

Q. You do not understand me?—A. I do not.

Q. The date of the destruction by fire?—A. I have my own private cheque book.

Q. Let me see that period?—A. I told you I had my own private cheque book, sir.

Q. Of course you did. You told me you would produce it?—A. Yes.

Q. Have you got that?—A. This is a special account.

Q. This is your book, Mr. McAvity, commencing November 30, 1907, is that right?—A. Here is 1903.

Q. We will take that in order, thank you. November 31, 1903, and it runs up to—what is the last date there, 1907, November 20, is this the current one?—A. This is 1907.

Q. 1907?—A. Yes. Excuse me.

Q. Now, wait please. Is this a private account?—A. These are George McAvity, not T. McAvity & Sons.

Q. Is this the firm book—A. No, sir, not the firm book. You asked me for my private cash book. That is my private book.

Q. I thought you were distinguishing one from the other?—A. No, sir. Both period of years you wanted.

Mr. TEED.—The one there is a continuation of the other.

Mr. WATSON.—Just so. May 31, 1903, and you say now this is your private account?—A. Yes, sir.

Q. Have you more than one private account?—A. No, sir.

Q. Have you any other special account than the one to which you referred last evening?—A. No.

Q. No other?—A. No.

Q. None at all?—A. No.

Q. This is the Bank of Nova Scotia. I thought you were referring to the Bank of New Brunswick?—A. I have no account with the Bank of New Brunswick, sir.

Q. I see, you have no account with the Bank of New Brunswick, but that special account was in what bank?—A. The Bank of Nova Scotia.

Q. And since the 1st of January, 1904, have you had any other special account than the one to which you referred last evening?—A. No.

Q. Eh?—A. No, sir.

Q. No other special account?—A. Since.

Q. The 1st of January, 1904?—A. I know I never had any but one special account, no matter what date it was.

Q. Then did you have any other personal account than this one since May 31, 1903?—A. No, sir.

Q. Then what other accounts have you participated in—firm accounts of course?—A. That is all.

Q. How many accounts did the firm have?—A. They would have the Bank of New Brunswick account and wherever they exchanged, I presume New York and Montreal.

Q. What other banks?—A. The Bank of New Brunswick, St. John, Molsons Bank, Montreal, and The Mechanics Bank of New York.

Q. What other bank in St. John?—A. No other that I am aware of.

Q. The Bank of New Brunswick?—A. Yes.

Q. And you have no account in that bank?—A. No, sir.

Q. Now in this bank book is there any way of identifying names with the entries by that book itself?—A. No.

Q. Not by the book itself. Then the second book commences November 30, 1907, and runs up to the present time?—A. The present time.

Q. How many cheques do you suppose, or at least do you think, from your knowledge of your affairs, were issued and paid to Mr. Harding out of these accounts—I suppose you cannot tell? There may be fifty, there may be 100, that is right?—A. I should probably think fifty in that period of years.

Q. I see. In the four years, that is from the 1st of January, 1904?—A. Yes.

Q. And there is no way in the books to identify them. Then in the same way any cheques issued to other officials by you?—A. No, sir.

Q. Would be paid out of that account?—A. I never issued a cheque—

Q. Listen. If there were any cheques issued to other officials they would be paid out of the account, if issued by you personally?—A. I never issued a cheque.

Q. I did not ask you that. I say if there were any cheques issued by you to other officials?—A. If they were issued out of that by me.

Q. But you add to that you never issued cheques?—A. Yes.

Q. You do not issue cheques always I suppose. Now then, where is the stub cheque book commencing January, 1904? Pick that out will you please?—A. 1904.

Q. Let me see that one. That will be the first one. This is October 29. Where is the one before that—April 29, 1904—where is the one before that?—A. I have not the one before that.

Q. Why not?—A. That is all I can find. I thought I had everything.

Q. Where did you find these?—A. I found them stowed away in the vault.

Q. April 29, 1904?—A. Yes.

Q. And you did not find any before this?—A. No, sir.

Q. Have you looked through or had any one look through to pick out the cheques?

—A. I looked through this morning to see what payments.

Q. To?—A. Mr. Harding.

By Hon. Mr. Cassels:

Q. Have you got the stubs of 1908?

By Mr. Watson:

Q. Yes. Have you got the stubs of 1908, where are the stubs of 1908?—A. All there.

Q. These end. 1906.—A. There you are sir, 1908. (Indicating).

Q. Is that the last one?—A. Yes.

Q. December, 1907, this starts off December 24th, 1907. That is about Christmas time. \$246, is that right?—A. \$246.66.

Q. That is what you have got there, and underneath that you have written 'loan payable 20th February'?—A. Yes.

Q. What is this underneath it?—A. He was to return that in February.

Q. Listen. What is that written underneath it?—A. \$750.

Q. \$750?—A. He was to return that.

Q. Listen. If you will just answer the questions we will get on faster I think. The cheque was for \$246?—A. Yes.

Q. And that had underneath written loan?—A. Yes.

Q. When was this written, it is in different ink?—A. The same day and same date.

Q. Where did you get the different bottle?—A. I don't know there is a different bottle.

Q. It is different ink?—A. It may be you say so.

Q. You can see yourself (exhibiting).—A. I do not admit it because you say so. Don't forget that.

Q. Don't.—A. You are trying to make me admit it is different ink.

Q. It is a different colour?—A. I don't think it is. There is a little more ink on the pen, that is all.

Q. \$750. What had \$750 to do with the \$246?—A. I presume at that date that was the amount of his loans added up.

Q. And the date it was to be returned, 20th February. That was the amount of his loans?—A. At that date I presume.

Q. Do you know?—A. I would not swear to it.

Q. Have you any entries in any other books?—A. No.

Q. Never kept a cash book?—A. Not for Mr. Harding.

Q. Whom did you keep it for?—A. Nobody, I did not need to.

Q. Do you mean to say you do not keep a cash book?—A. I did not; the firm did.

Q. But you, you still keep no cash book for these large amounts?—A. No.

Q. Does the firm keep your personal account?—A. I have a personal account at the firm's.

Q. You have a personal account at the firm's?—A. Whatever is charged to me.

Q. That is \$750. How long had the \$750 been standing?—A. I could not say.

Q. You could not say. Sometime away back, two or three years?—A. I could not say so.

Q. You cannot remember?—A. No.

Q. You cannot remember whether the \$246 is in addition to the \$750 or included?—A. No, it is included.

Q. How do you know?—A. Because it is carried forward in that way, in that manner, and will be in the new cheque book.

Q. We will see. Where is the next one here, have you got them marked?—A. No other in that, nothing more in that one.

Q. How do you know?—A. Because it is not turned down. I marked them here for you this morning, those paid to Mr. Harding. This all my private book. I turned down all that referred to this case, Mr. Harding's.

Q. Well, you will have to excuse us for looking over it?—A. Well, I suppose we will, we cannot help it, but you will find all the cheques of Mr. Harding's turned down.

Q. Now then, where is the book preceeding?—A. Do you want 1906?

Q. No, that is 1908, do not skip a year?—A. Is not 1907 in that too?

Q. Yes, the end of 1907.—A. Here are the two.

Q. One up to December, 1907, this ends 1906.—A. That begins 1907.

Q. That begins in December, 1907?—A. They are all in rotation.

Q. I do not think so. This begins December 16th, 1907?—A. That ends?

Q. That begins?—A. I want to know where it ends.

Q. Never mind the end?—A. You want to know where this ends?

Q. This ends March 21st, 1906. Where is the one between?—A. This begins February 7th, 1907, and ends December 1907.

Q. That is the one I want?—A. Yes.

Q. How do there happen to be some of the lost cheques in this?—A. Those are the cheques we could find appertaining to that account.

Q. Those are the cheques you could find?—A. Yes.

Q. You do not mean you found them all, just a few?—A. No, we just found those cheques in that account we could trace.

Q. Where did you find them?—A. With these stubs.

Q. Where are the other cheques?—A. I could not say anything about the other cheques.

Q. These cheques entered in the personal account were not destroyed?—A. It is not customary to save my cheques, I do not think of saving my cheques.

Q. But you think of destroying them sometimes?—A. Yes; but I do not keep cheques.

Q. Did you burn up these?—A. They may have been.

Q. Do you recollect destroying them?—A. No. We never hear anything about them.

Q. How do you account for finding three cheques and not finding any others?—A. The simple reason they were in that stub book.

Q. And did you look for the others?—A. Yes.

Q. Did you find any of them?—A. No.

Q. Did any one assist you in looking?—A. Yes.

Q. Who?—A. I sent to the bank and got the cheques from the bank.

Q. And where are the cheques you got from the bank?—A. I did not bring the cheques I got from the bank, because those are the only ones pertaining to the Harding account.

Q. I want to see what other officials are referred to there?—A. No other officials.

Q. Well?—A. I can produce the cheques.

Q. We want to see for ourselves, if you please?—A. Yes, sir.

Q. Then these cheques are Mr. Harding's?—A. Payable to Mr. Harding.

Q. The only ones you find payable to Mr. Harding?—A. Yes.

Q. His name is Cash yet, payable to cash, not payable to Mr. Harding?—A. I suppose anybody can take a cheque payable to cash.

Q. From you?—A. From anybody.

Q. Oh, yes, that is of the ordinary course?—A. No.

Q. Still that is the regular course. Mr. Harding wants to get money from you, and in the regular business course of giving money to Mr. Harding you would make out a cheque payable to cash. Is that your statement?—A. Not necessarily.

Q. Is that your statement?—A. No, nor anybody else's.

Q. I did not ask you about anybody else. In the regular course of business and in giving a cheque to Mr. Harding you would make it payable to cash?—A. Most assuredly. I want a receipt.

Q. Which is the regular course, to make a cheque payable to the order of the man who is to receive the money or to make it payable to cash?—A. For small accounts it is ordinary to make it to cash.

Q. That is?—A. For open accounts.

Q. That is \$374?—A. Your stubs show the receipts.

Q. Don't get off. I am speaking about the cheque itself. A cheque is given to Mr. Harding, he is to receive the money?—A. Yes, sir.

Q. Is it the regular course of business that such a cheque should be issued to cash and not in Mr. Harding's name for say \$400?—A. I cannot judge that. It is my course.

Q. Is it your regular or irregular course?—A. No, it is not irregular with me.

Q. Was there any reason for not making it payable to Mr. Harding?—A. None whatever.

Q. What was it, just an accident?—A. No accident; customary with me.

Q. Was it designed?—A. No, sir.

Q. What?—A. Not designed.

Q. Did you think about it at all?—A. I did not think of it.

Q. Then it was just an accident. Did it enter into your mind?—A. The only—

Q. Listen. Did it enter into your mind?—A. No, it did not.

Q. At the time you wrote out the cheque did you know who was to get the money?—A. Who was to get the money for it?

Q. Yes?—A. Probably the messenger might get the money.

Q. I did not ask you that?—A. At the time I wrote out the cheque?

Q. But you knew Mr. Harding was to get the money; at the time you sat down to write it out as cash you knew Mr. Harding was to get the money?—A. Yes.

Q. And having that in mind you wrote the word cash instead of Harding?—A. That is right.

Q. And you did that deliberately?—A. Deliberately.

Q. I see. What you do deliberately you do for a purpose, is that not so?—A. I cannot admit that.

Q. You cannot admit that, I see. That is the position. And then deliberately all the cheques were so written to cash?—A. A great many of them.

Q. All of them?—A. No, I would not swear to all of them.

Q. Do you remember any cheque issued to him?—A. Yes, I know, but I could not swear what cheque now in four years.

Q. You could not say?—A. No.

Q. Have you found any there otherwise?—A. I have not, only from the stub.

Q. In the stub book?—A. That is F. J. Harding.

Q. Have you found one cheque issued?—A. No, I cannot say I have.

Q. Now, tell me, please, why you would write out the word cash in writing out the body of the cheque and put at the bottom of it—put F. J. Harding on the stub and not on the cheque?—A. We do them all like that here; my cheques are all filled out in that way.

Q. All the Harding cheques are, I see?—A. Loan, F. J. Harding, it is marked there as a regular thing.

Q. Certainly. Take that one April 27, 1907. What you do, you say, you do deliberately?—A. Payable to cash.

Q. Listen. What you do you do deliberately, and you wrote out the cheque payable to cash, and nothing appears upon it, and you wrote underneath it, J. F. Harding?—A. Loan.

Q. J. F. Harding?—A. Loan, correct.

Q. Why not put it on the cheque and so have evidence of it?—A. Do you want to put loan on the cheque?

Q. Would you?—A. I don't think so.

Q. Why not put his name so as to identify his name with the money?—A. I want a record of it in my book, I have it there.

Q. So you think it would be quite improper to make a cheque payable to his order?—A. It would not be improper.

Q. Would it be regular?—A. Yes, regular.

Q. That would be the regular course?—A. It would be regular.

Q. It would be the regular course?—A. If you admit it it would be regular, or the cash would be regular.

Q. Now, this is 1907. How many are there here? There is one February 17, 1907, \$374 ?—A. Just count those turned down.

Q. The next one turned down is April 25, 1907, \$240; the next one July 18, 1907, \$275; the next one September 21, 1907—what is that, \$300, that is not written out at all?—A. That is what you are referring to?

Q. \$300?—A. There (indicating).

Q. You did not fill it in there?—A. No.

Q. Why not?—A. I could not say.

Q. Whose writing is that?—A. Mine.

Q. The same as that?—A. No.

Q. Whose writing is that?—A. That is my clerk's.

O. Your clerk. What is his name?—A. Atkinson.

Q. This stub cheque book, for the most part is in his handwriting?—A. Yes.

Q. That is the only place I see the different hand?—A. Yes.

Q. That is Mr. George McAvity's own handwriting?—A. My initials.

Q. I see. How did he happen to do that himself?—A. I could not say. I presume he came in during the meal hour probably and wanted to borrow a cheque.

Q. Then the next one is March 13, 1907, \$500?—A. Yes.

Q. It got up pretty well. The next is what—any others there—November 13, 1907, \$500, that is all you have marked down; then the one before that, September 11, 1905, \$375. Now in this case you have got marked exchange of cheque?—A. Yes.

Q. That is right. Why did you mark that there, because that was an exchange?—A. Those are all exchanges.

Q. We have not had any exchange marked before?—A. You have not any marked there. That was probably exchanged for a day or two days.

Q. Why did you make a difference in the entry of this from the others?—A. I could not tell you why.

Q. You could not tell me why. There must be some reason for it.

By Hon. Mr. Cassels:

Q. Whose writing is that?—A. My clerk's.

By Mr. Watson:

Q. The bookkeeper's?—A. Not the bookkeeper's.

Q. Your clerk's. In the other book there are none marked in that way. How much do you say is outstanding now. How much is ahead?—A. Mr. Harding owes me at the present time somewhere in the neighbourhood of \$1,300, somewhere thereabout.

Q. And you always knew, the same as your brother, that he was a man in straitened circumstances financially—I am not making any reflection by reason of that at all?—A. No, sir, I did not know that.

Q. I see. St. John must be a large place?—A. I was not aware of it.

Q. I thought this was a personal friend of yours?—A. So he is.

Q. You had no idea what his financial condition was?—A. He borrowed——

Q. Listen. You had no idea what his financial condition was?—A. I did not.

Q. No idea what his financial condition was?—A. I am not supposed to give you evidence in ideas.

Q. Well, you never had any knowledge what his circumstances were?—A. No knowledge.

Q. There was nothing in your mind as to what his financial circumstances were; is that right?—A. There may have been in my mind.

Q. Well, what was in your mind?—A. If he did not want the money he would not have borrowed it.

Q. And he was therefore in financial embarrassment or straitened circumstances?—A. He might have wanted money at that date. A man need not be financially embarrassed to borrow money; he may have property.

Q. There are a lot of may be's here?—A. I know.

Q. It was not in your mind that he was hard up?—A. Well, I did not imagine he would borrow money if he was not hard up.

Q. But you did not know what it was for, you never asked him what it was for?—A. Certainly not.

Q. You see the cheques here are very numerous. Did you have any idea what he wanted the money for?—A. I never asked him.

Q. Did you have any idea what he wanted the money for?—A. No idea. All I know the cheques were returned paid.

Q. You asked no questions?—A. We held the cheques.

Q. You asked no questions?—A. I certainly asked no questions.

Q. You pursue that policy, I suppose, in many lines of transactions, asking no questions, do you?—A. What business are you speaking of?

Q. General business affairs?—A. No. In general business you always ask questions.

Q. In the regular general course of business you ask questions?—A. Certainly.

Q. Then where it is outside the regular course of business you ask no questions. That is it, is it?—A. That all depends.

Q. It all depends, I see. People have got to use some discretion?—A. I should think so.

Q. Of course. So that I find that one there turned down September the 11th, 1905, J. F. Harding, \$375. Now, let us take the next one. The next one is February 6th, 1906, cash, \$360. There was no exchange marked there, the same handwriting?—A. Certainly.

Q. Yes, certainly.—A. You will find exchange marked probably on very few of them.

Q. You have only two turned down in this book, those were the only two you were able to find?—A. Those are the only ones turned down.

Q. Are you quite sure?—A. I am positive.

Q. You will pardon us for looking it over?—A. Most assuredly.

Q. No doubt you are accurate, as you say you are. Then the other books, these are the other two?—A. Yes.

Q. What is that, December 20th, 1904, \$375, there is a name underneath it?—A. Yes; two cheques issued.

Q. We need not refer to that then. That is not the name of any official?—A. No.

Q. Nor any employee?—A. Nor no employee.

Q. You have only got one marked in this?—A. That is all there, sir.

Q. Sometimes cheques issued without—there is one, you were very sure about this, there is one that is not turned down, April 18th, 1905.—A. Let me see it? It was never issued.

Q. Why, what do you mean by not being issued?—A. Paid April 20th.

Q. Oh, you are just giving me the ones not paid?—A. No, I did not say that. It is marked paid April 20th.

Q. April 18th, 1905, Harding, \$225?—A. Yes. What date is that?

Q. April 20th, 1905.—A. Well, it was paid April 20th.

Q. Why?—A. Because it was marked paid.

Q. You are anxious to get that in?—A. It would be very unfair if I did not.

Q. You say the amount he owes is \$1,300?—A. Yes.

Q. Do you want to keep repeating it?—A. No. Those cheques all added together make a large amount where they have been continued and paid.

Q. You see, your continued protest makes it doubtful. You have heard people who protest?—A. I think I saw one here yesterday.

Q. Yes. And here in May 23rd, 1904, cash, \$275; July 21st, 1904, \$200; then you have got J. F. H., \$366, that is all there is there that are turned down?—A. Yes, sir.

Q. What are the others turned down—those are additional ones, what is this? Here is one, 'Dear George.' Is that you?—A. That is me, sir, yes.

Q. 'Can you exchange cheque for \$425 until Thursday? If so you will confer a favour on yours truly.' No date to that. That came in the same way with the same cheque?—A. That came in in November.

Q. The same time?—A. October.

Q. Occasionally you get cheques from him, sometimes you did not?—A. In payment of those, yes.

Q. Here is a cheque December 20th, 1904, \$375. That is payable to you. It was made payable to your order, then order is stricken out. Who struck that out?—A. I have no idea, sir.

Q. Bearer is put in instead. You did not endorse it. Keep your hands off, eh?—A. It was paid to one of the other cheques, it was not paid to me.

Q. I did not ask you that; you are getting that in—A. I will have to get something in with your examination. You want it all your own way.

Q. I just want the facts, that is all.—A. You hardly give us a chance to answer.

Q. Then another, this is a small one, Harding \$10. What about that?—A. Payable to me?

Q. Payable to cash. Is that yours?—A. I do not know, no.

Q. Then you say that is not yours?—A. It may be, I don't know. \$10. I have no record of it. He may have come and cashed it.

Q. Copy of cheque originally sent to Ottawa. Whom did you used to see from Ottawa, the officials from Ottawa? How often did you go up there about Marine matters? This is an inquiry limited of course to Marine and Fisheries matters, but how often did you go up there about Marine and Fisheries matters?—A. Oh, I don't know, I could not answer.

Q. Once a month?—A. No, sir.

Q. Pretty often I suppose?—A. No, sir.

Q. And when you went there you saw the Deputy Minister?—A. Occasionally.

Q. Occasionally. You are quite friendly with him?—A. No, I could not say that.

Q. Eh?—A. I could not say that. I could not say very friendly; I know the gentleman.

Q. I see there is another one—we need not go over it. We will mark them down. The books had better go in. So you often discussed with the Deputy Minister?—A. Occasionally.

Q. Did you get contracts from him?—A. No, sir.

Q. Orders from him?—A. No, sir.

Q. Did you get promises of patronage from him?—A. No, sir.

Q. Did you ask him for it?—A. I don't remember of ever asking him.

Q. Do you remember whether he did or not?—A. No, I don't know.

Q. Then what business transactions did you have with him, if any?—A. I interviewed him once or twice I think to increase the salary of Mr. Harding.

Q. To increase the salary of Mr. Harding?—A. Yes.

Q. You no doubt represented at that time that Mr. Harding was quite hard up?—A. I told him he had been 38 years in the service and he should have the same increase as other stations.

Q. And did you tell the Deputy Minister at that time that you were obliged to make advances from time to time?—A. No, sir.

Q. You did not say anything about that?—A. No.

Q. Did you tell him Mr. Harding was turning in the orders regularly and nicely?—A. I did not have occasion to.

Q. You did not have occasion to mention that either?—A. We don't thank Mr. Harding for the orders. He was instructed where to buy.

Q. You heard your brother's evidence?—A. I did.

Q. Do you agree with your brother's evidence?—A. The patronage list will explain that.

Q. We have heard that before, we do not want to go over that again. Do you agree with your brother's evidence?—A. Certainly.

Q. Then we need not repeat it, we have that there. Then in discussing the business with the Deputy Minister did you arrange anything about prices with him?—A. No.

Q. Eh?—A. The Deputy Minister?

Q. Yes?—A. No.

Q. Did you ever discuss questions of price with him?—A. I have no recollection of it.

Q. Did you ever arrange with him about work that was to be done upon any steamers, expenditure?—A. No.

Q. That was all done through Mr. Harding. That is right, is it not?—A. I should think so.

Q. You should think so?—A. I should think so.

Q. Then did you have any occasion, upon request or otherwise, to grant any favours to the Deputy Minister?—A. No. I was under no obligation to the Deputy Minister.

Q. Oh, under no obligation to him?—A. Yes.

Q. In that way you distinguished him from Mr. Harding?—A. No, he was no friend of mine.

Q. Why do you say under no obligation?—A. He was no personal friend of mine.

Q. Oh, I see. It is just your friends who get the favours, is it?—A. Well, I would not give them to many.

Q. But as a matter of obligation, you were not under obligation to all your friends, are you?—A. Not at all.

Q. Then when I asked you the question whether you had occasion upon request or otherwise to grant any favours to him, your answer was, you were not under any obligation to do so?—A. I don't see why I should be called upon—

Q. I did not ask you that. I asked you the plain fact?—A. The deputy minister?

Q. Yes, the deputy minister?—A. I have no recollection of having any transaction with the deputy minister whatever.

Q. No recollection?—A. I have no recollection of having any transaction with the deputy minister whatever.

Q. Is there a man in the city who has a better memory than you?—A. I should think so.

Q. What is his name?—A. Mr. Watson I should say at the present time.

Q. I wish I had, I could get along with the evidence better then. You say you have no recollection of favours passing to the deputy minister?—A. When I say no

recollection, I say to the best of my knowledge and belief I have had no transactions with the deputy minister.

Q. I did not ask you about transactions. You are distinguishing between transactions and this other business. Have you given him any favours at any time?—A. No.

Q. Eh?—A. Not that I am aware of.

Q. Not that you are aware of, I see. What is done when you are not aware of it, what time does that occur?—A. It would not be carried out.

Q. Would not be entered in the books?—A. I am quite positive I have had no transactions with the deputy minister.

Q. You feel quite positive?—A. Yes.

Q. You see, your answer is a little bit uncertain, and in that way may leave the deputy minister under a little cloud. I want to know whether that is intentionally done or not?—A. It should not leave the deputy minister under a cloud, because I have not met the man over a dozen times in my life.

Q. A dozen times?—A. Probably it may be more, I don't think so.

Q. How many times have you to meet a man before you give him favours?—A. Give favours?

Q. Yes?—A. The deputy minister I never came in contact with, and never thought of such a thing.

Q. Eh?—A. I never thought of such a thing any more than I would offer you a favour.

Q. Thank you. I see you choose your men?—A. No, sir. But I never thought of such a thing to the deputy minister.

Q. Well then, you met him here as well?—A. Yes.

Q. Any discussion then?—A. I met him here with the minister.

Q. With the minister?—A. Mr. Préfontaine.

Q. Then any discussions about favours to him or any other official?—A. Not with me.

Q. I say about favours to him or any other official. I am asking whether you had any discussion with the deputy minister about favours to him or any other official?—A. The discussion that took place that time he was here I won't say, but the minister mentioned about Mr. Harding's salary at that time.

Q. You understand—perhaps I may be mistaken—I think you understand thoroughly well I am not inquiring about any increase of salary?—A. You asked about favours. That is the only favour I asked.

Q. For whom?—A. The only favour I would ask the deputy minister?

Q. But it is not a favour asked of him, it is of favours passing to him I was inquiring about?—A. Well, sir, I have had no transactions with the deputy minister.

Q. Then what about any others up there?—A. No others that I am aware of.

Q. None that you are aware of?—A. No.

Q. What about Mr. Schmidt, you were in the habit of meeting him very often?—A. No, I was not in the habit of meeting him very often.

Q. You met him several times?—A. I would not know him if he was in the room to-day.

Q. You would not know him?—A. No.

Q. Did he make any requisitions on you?—A. Never.

Q. Have you any idea?—A. I am positive I do not know the man.

Q. What other officials? Let us come to the point?—A. No officials.

Q. No employees?—A. No employee.

Q. Well, exchange of cheques, put it that way?—A. Nor exchange of cheques.

Q. Favours?—A. No favours.

Q. Presents?—A. No presents.

Q. Oh, you were hard-hearted?—A. Maybe.

Q. Why limit them to Mr. Harding?—A. Because he borrowed.

Q. A personal friend?—A. He borrowed it.

Q. Borrowed it?—A. And they were paid.

Q. Oh, no, they were not paid?—A. With the exception of the present liability.

Q. Now, then, did you meet the accountant up there?—A. Yes.

Q. That was Mr. Owen?—A. Mr. Owen, yes.

Q. Any transactions with him?—A. Who, me?

Q. Yes, you?—A. No.

Q. What about it?—A. I don't know of any transactions with Mr. Owen.

Q. Eh?—A. I have had no transactions with Mr. Owen.

Q. Did you discuss accounts with him?—A. I don't think so.

Q. You don't think so?—A. No, I don't think so.

Q. Did you discuss accounts with the deputy minister?—A. No.

Q. You did not?—A. No, I am quite positive.

Q. You don't think so?—A. Quite positive, because, you see, I would not like to swear he was making up the general accounts of the station.

Q. But you are under oath all the time, you know. Then with whom else did you discuss accounts with others?—A. In Ottawa?

Q. Yes?—A. I think the only people I discussed it would be with the minister.

Q. The minister?—A. The minister, Mr. Préfontaine.

Q. He is dead?—A. The minister, Mr. Brodeur, he is not dead.

Q. With Mr. Brodeur. Then, any favours granted by you to Mr. Brodeur, did you make any presents to him. Now you have introduced his name?—A. No, sir.

Q. Nothing of that kind?—A. He never asked for it.

Q. Is that what you say?—A. You were asking about other ministers. He never asked for it.

Q. I see. Then, here is a cheque, Mr. A. W. Owen or order, \$97.90. It is not made by you, it is made by Mr. Harding, did you hear about that?—A. Not that I am aware of.

Q. Not that you are aware of?—A. No, sir.

Q. Do you recollect the little talk you had with Mr. Harding about getting your accounts passed up at Ottawa by the accountant? Try and think?—A. I don't remember of it, sir.

Q. You don't remember it?—A. No.

Q. It may have been so?—A. I don't remember.

Q. It may have been so, you don't remember. That is as far as you will go?—A. To get accounts passed?

Q. Yes. The talk with Mr. Harding about getting those accounts put through by the accountant up there. You don't remember it just now, is that right?—A. I have not any recollection about talking to Mr. Owen about getting accounts through.

Q. I did not say Mr. Owen; I said Mr. Harding?—A. Talk with Mr. Harding. I admit I may have asked him to try and hurry the accounts up.

Q. Hurry the accounts up?—A. Yes.

Q. See Owen, write Owen, have Owen do you a favour. That is right? You nod?—A. Do me a favour?

Q. Yes; to get accounts put through?—A. No.

Q. It would not be a favour to hurry the accounts up?—A. They would not be asked unless overdue.

Q. Of course. But it is a favour sometimes to get your money when due, did you ever find that?—A. Yes, indeed.

Q. Then we are not differing much, are we? So you may have asked that this favour should be done to you by Mr. Owens to hurry accounts through?—A. As I say, I have no recollection, but it would be the usual course of business if I did.

Q. The usual course of business if you did?—A. If the account was long standing.

Q. And that may account for the cheque by Mr. Harding to Mr. Owen, there may be a connecting link there somewhere?—A. What have I got to do with it?

Q. Oh, you may have talked to Mr. Harding about it one day, and the next day or shortly afterwards a cheque may have gone up from Mr. Harding to Mr. Owen.

and about the same day Mr. Harding may have got a cheque from you. Do you think there is any connection there?—A. No connection there.

Q. Not possible to be connected?—A. No, sir.

Q. Oh, I see. And yet there are several of these cheques passing from Mr. Harding to Mr. Owen, 17 cheques here issued by Mr. Harding to Mr. Owen, up to \$250, from that on down?—A. It might be \$5,000, I would not know.

Q. You might not know of it?—A. I would not know.

Q. And yet you might have been in communication with Mr. Harding?—A. In reference to this? Why should you think so?

Q. In reference to getting favours from Mr. Owen?—A. I beg your pardon. I have said before I have no recollection whatever of having asked Mr. Owen.

Q. This is all Mr. Harding's writing?—A. I have nothing to do with Mr. Harding's writing.

Q. Are these in Mr. Harding's writing?—A. I should think so.

Q. Now, who else was getting cheques, I wonder, anybody else you have any idea of that favours were asked for by Mr. Harding or anybody else?—A. I would not know anything about it unless it came under my own personal knowledge.

Q. You would not know anything about it unless it came under your own personal knowledge, I see. That is a good safe way?—A. I should have to be pretty safe.

Q. Yes. Then at all events if Mr. Owen hurried through the issue of a cheque, that would be a favour, that might be a favour to you?—A. Oh, I would consider it a favour if the amount of money was held up and he hurried it through.

Q. And on how many occasions do you recollect Mr. Harding saying to you that he was asking and urging Mr. Owen to hurry up and to do this favour of sending them through?—A. I have no recollection of asking at all.

Q. No recollection of asking?—A. No.

Q. I did not ask you that. On how many occasions do you recollect Mr. Harding telling you he had been asking this favour?—A. I have no recollection of Mr. Harding telling me that.

Q. Will you deny it?—A. I won't deny it. I won't admit it.

Q. That is the point?—A. Because—

Q. Do you want to give the because? It is pretty unsafe to give the because?—A. Because I have no recollection Mr. Harding ever asked for it.

Q. Because Mr. Harding never asked?—A. Asked for what?

Q. What do you think?—A. I don't know what you are asking. You are asking me something I don't know anything about. You fancy I know everything about Mr. Harding and Mr. Owen.

Q. And what was the because?—A. I said I know nothing about it.

Q. Was that all. This does not read quite connected?—A. This is as near as I can tell you.

Q. I see. Then what is this cheque, another one from Mr. Harding, George McAvity or bearer, \$225?—A. What is it?

Q. The same thing?—A. To pay one of the other cheques.

Q. I see, to pay something?—A. Yes, one of the cheques, returned money.

Q. Then will you undertake to say that the proceeds of some of the cheques that you issued did not go to Ottawa for other officials, will you undertake to swear they did not?—A. The cheques I issued?

Q. Yes, the proceeds of some of those cheques?—A. I have no idea, I could not say where they went to.

Q. I see. You fitted up the steam launch, did you, the gasoline launch?—A. We may have, I don't remember particularly.

Q. How much was the cost of that?—A. I have no idea.

Q. About how much?—A. I have not the slightest idea.

Q. Did you have a launch?—A. No, sir, I have not. I am not the happy possessor of a launch, I have trouble enough.

Q. Well, then, at all events, you often go for a spin on the launch, no doubt?—A. No, sir, I have never been on the launch.

Q. Well, at what expense was that fitted up at your works, about?—A. I haven't the slightest idea.

Q. The accounts will show?—A. Yes.

Q. Will you have the accounts produced?—A. Yes, Mr. Costa, give me the accounts.

Q. And the same way with regard to the *Lurcher* and the other?—A. You see, all those accounts are without separate headings.

Q. And these will show during the year?—A. These will show during the year.

Q. And then you had much to do with the lighthouses?—A. Yes.

Q. And from whom did you get the directions about the lighthouses?—A. From Mr. Harding.

Q. And the lighthouses are in separate accounts, each lighthouse is in a different account?—A. Yes.

Q. So the expenditure on each of the different lighthouses will appear separately from the others in the books?—A. So I am informed by the bookkeeper.

Q. In each year?—A. Yes.

Q. And you are quite aware from the correspondence that complaints were made about the large expenditure on the lighthouses?—A. I cannot say I know that personally.

Q. What?—A. I cannot say I know that personally.

Q. You are aware that has been a subject of comment?—A. Of discussion in the papers, yes.

Q. Yes. And in furnishing those lighthouses and the ships usually no arrangement was made about charges, fixed prices I mean to say?—A. No, no fixed prices.

Q. That is one of the advantages of being on the patronage list, no fixed prices?—A. There is a regular price for all those.

Q. I see. At all events, no fixed prices. And then you could charge of course what you think would be reasonable that you should get from the department?—A. No.

Q. That is right?—A. No, it is not right.

Q. I thought I was putting it very modestly?—A. No, that is the way you put it. The agent usually looked after the prices.

Q. Oh, I see, you always had the fear of the agent before you?—A. Well, all the bills had to be criticised and then there was a standard price for all the goods.

Q. You always charged retail, never wholesale?—A. I cannot say whether we charged retail or wholesale.

Q. Cannot you tell?—A. It would depend exactly on what goods were needed. If they wanted anything of a dollar's worth it would be retail prices. If \$100 worth wholesale prices.

Q. Let me ask a question once in a while?—A. Thank you.

Q. The fittings for the lighthouses and the fittings for the ships, those would be wholesale or retail?—A. Sometimes wholesale and sometimes retail.

Q. Generally retail, I guess?—A. I would not admit that.

Q. You would not admit that?—A. No, because you made that remark, not me.

Q. But we can tell from the accounts?—A. Yes.

Q. Then have you anything else to produce?—A. The letter books you asked me.

Q. Yes, the letter books. Those would show the letters—A. To Mr. Harding.

Q. The letters between you and Mr. Harding and the letters with the department?—A. Yes.

Q. And what else have you got?—A. That is all.

Q. Then those are the cheques we have had (indicating)?—A. Yes.

Q. Those are the only three you produce out of the lot, the only three you are able to find?—A. Yes.

Q. And the cheque books we have got marked. I think we will just get these marked so that they may be referred to if necessary.

Q. You have got nothing else?—A. The letter book.

Q. Yes. You were to get me some statements.—A. That letter book.

Q. You were to get me statements, were you not?—A. Yes.

Q. About the expenditure on the different ships and different lighthouses?—A. Yes, sir.

Q. Will you please have that done right away?—A. You are speaking to me. The bookkeeper is here.

Q. Yes, but I prefer to speak to you too.—A. Yes, with pleasure, sir.

Q. I wish you would have them all here at 2 o'clock.

By Hon. Mr. Cassels:

Q. What is that cheque?—A. This is a city name.

Q. Have you other cheques here? Now, look at that cheque of May 14th, 1908, cash loaned to special account?—A. That is the account borrowed and put back again.

Q. On May 20th, 1908, Sun Printing Company Limited, \$1,000, what is that? These two stubs May 4th, 1908, cash \$357, loaned to special account and May 20th, 1908, Sun Printing Company Limited, something C. A. account?—A. Special account.

Q. Are those cheques given to the special account you referred to yesterday?—A. Yes sir, those were given to that account.

Q. I understood that was a special account of your own moneys?—A. Yes.

Q. Why marked loan?—A. A separate account, newspaper accounts, to keep them separate.

Q. This loan is the newspaper account?—A. To keep them separate.

By Mr. Watson:

Q. May 4th, 1908, \$357 cash, loaned to special account. As his lordship indicates it would follow from that the special account was not your account, I should think?—A. Well, more in trust. It was my account personally but I had the—

Hon. Mr. Cassels:

Q. Did I understand from you yesterday, that this cheque of Mr. Harding's had gone into that account?—A. One or two.

Q. Two of them are charged in it.

Mr. WATSON.—Charged against it. We have had that, my lord.

P. J. MOONEY, recalled.

By Mr. Watson:

Q. Do you find any entry in your cash book of any of those cheques we referred to yesterday?—A. I am not familiar with the books, but the bookkeeper is here and has a statement.

Q. But do you find any entry in your books? You know if there is or not. Do not get back on the bookkeeper. Is there any entry in those books?—A. Yes.

Q. Relating to these cheques?—A. Which cheque?

Q. This cheque for \$50 for instance, does that appear in the books anywhere?—A. That I could not say.

Q. Look and see. Have you got an account with Mr. Harding?—A. No, none.

Q. Mr. Bookkeeper, can you show it? Is that the bookkeeper, Mr. Mooney?—A. Yes, sir.

Q. I suppose they do not appear in the books, they are like the other transactions?—A. They appear in the books.

Q. Find that cash book, October 9th, 1905, pay to cash \$50 Is that entered in the cash book as received?

Mr. TEED.—Whose cheque?

Mr. WATSON.—Mr. Harding's cheque.

Q. What is that?—A. Brick.

Q. What book is that?—A. The ledger.

Q. That is the ledger; but the cash book?

The BOOKKEEPER.—I don't think it is in the cash book, I will look.

Q. But that \$50 is what date?

The BOOKKEEPER.—That is \$50, I think it would be on October 7.

Q. Let us see the cash book, find it in the cash book.

The BOOKKEEPER.—I looked in the cash book, it is not in the cash book.

Q. Not in the cash book. Then there is \$394, does that occur in the cash book?

The BOOKKEEPER.—No record.

WITNESS.—We never had that cheque at all.

Q. How do you know?—A. It is not a cheque. Is Mooney's name on that cheque?

Q. Don't ask me questions?—A. Well, how can I—

Q. Listen. That was the cheque referred to yesterday?—A. Yes. I know nothing about it.

Q. Do you know anything about it now?—A. No, sir.

Q. Yesterday you gave your evidence about it; have you anything further to say about it?—A. No, I can give no evidence.

Q. Do you know whether you received that or not?—A. If it went through the Bank of New Brunswick I received it, if it did not I did not.

Q. I see?—A. Our name don't appear on it.

Q. No. Can you say you did not receive it?—A. I can.

Q. Can you swear to it?—A. If that did not go through the Bank of New Brunswick and my name ain't on it I didn't receive it.

Q. You may have gone to the bank and got it cashed?—A. I may have.

Q. You may have?—A. I positively say I did not.

Q. You are getting from one condition of affairs to another pretty rapidly. How do you reconcile that, saying one minute you may have and the next second saying you did not? You did not think that over?—A. I don't think the Bank of Montreal would cash that cheque without my endorsing.

Q. You make a positive statement as the result of a process of reasoning about bank procedure?—A. No sir. I never saw that cheque to my knowledge until here.

Q. You swear you did not get it cashed?—A. I will positively swear I did not get that cashed.

Q. What did you mean by saying a minute ago you may have?—A. Eh?

Q. Go on please?—A. I have no—

Q. Recollection?—A. Recollection of it, and my name ain't on to it.

Q. I see. Well, we will just have to pass it. Then what about the other cheques, do these appear in the books?—A. What cheques?

Q. Those for \$14 and \$11, do those appear in the cash book?—A. \$14, \$11?

The BOOKKEEPER.—They appear in the ledger.

Mr. WATSON.—Do they appear in the cash book?

The BOOKKEEPER.—I don't think so.

WITNESS.—They appear in the day book.

Q. Where are they in the ledger, let me see the ledger. '\$14.16, May 3, 1906. May 3, \$50—

The BOOKKEEPER.—\$50 there (indicating).

Q. That may be some other one. How do know it is that one? This you have marked brick. It is not always marked brick.

The BOOKKEEPER.—You will see in the ledger when these are dated.

Q. Why does not that appear in the cash book?—A. I don't know.

Q. Then if you do not know I suppose Mr. Mooney does not know?

The BOOKKEEPER.—No.

Q. That is all there is to say about it I suppose.

Hon. Mr. CASSELS.—What is that cheque for \$394?

Mr. WATSON.—Harding's, my lord.

Q. That will do. That is all you have got to say, nothing else to add to or take from what you said yesterday? Is there anything else you want to say?—A. Well, in yesterday's statement you represented to me—

Q. I did not represent you at all?—A. The papers did.

Q. Never mind about the papers?—A. The papers are making—

Q. Never mind about the papers.

Hon. Mr. CASSELS.—What is it you are complaining of?—A. In asking about the supply of brick my learned friend here said I made 50 per cent commission and that is on the papers. I contradicted that at the time.

Q. You want that rectified?—A. Yes, now.

Mr. WATSON.—You have got even with the newspaper men.

By Hon. Mr. Cassels:

Q. What was your profit?—A. A profit of about 18 per cent.

Q. I think you said yesterday it depended on the season. If it was a fine season you made more because you got the bricks cheaper, they cost less to produce. I think we understand?—A. Yes. There is another thing—

Q. Is there anything you want to correct?—A. The job that we done was charged up to Mr. Kelly. His son was an apprentice with us and that was the reason we were in no hurry about putting in the bill.

Q. That will do.

CHARLES E. HARDING, sworn.

By Mr. Perron:

Q. Mr. Harding, you are a lumber merchant in St. John?—A. Yes, sir.

Q. And a member of the firm of C. E. Harding & Son?—A. The only member.

Q. You are doing business in the name of C. E. Harding & Son?—A. Yes. My father is dead.

Q. You have been dealing with the Department of Marine and Fisheries, selling lumber?—A. Yes, sir.

Q. To quite a large amount?—A. I should think between \$5,000 and \$6,000 within the last 4 or 5 years.

Q. You got the orders from Mr. Harding the agent?—A. Yes, sir.

Q. Only through him?—A. Only through him. Mr. Kelly might have brought down some orders, just through the two.

Q. Mr. Kelly and Mr. Harding?—A. Mr. Kelly and Mr. Harding. Although Captain Bissett has come in and ordered a little for the *Lansdowne*, it is a small amount.

Q. We want to be sure about it. You have had transactions with Mr. Harding?—A. Yes, sir.

Q. Large ones?—A. No, sir. With him personally?

Q. Yes?—A. I had nothing further than some cheques.

Q. Yes, I understand that?—A. I took accommodation, just accommodation cheques.

Q. Do I understand Mr. Harding accommodated you?—A. How is that?

Q. Do I understand you got accommodation yourself from Mr. Harding?—

A. No; Mr. Harding got accommodation from me.

Q. What was it?—A. Cheques on the Bank of New Brunswick.

Q. Given by you to Mr. Harding?—A. Not to Mr. Harding direct; it would be by the messenger who would come down.

Q. The messenger would come to your place and get some cheques from you to Mr. Harding?—A. Sometimes.

Q. Have you got those cheques?—A. Which, that I gave him?

Q. Yes?—A. I have some of them.

Q. Will you let me have them please?—A. (Produces).

Q. Thank you. You have also your books?—A. I have my bank book in which I entered everything in. I did not keep a cheque book until this year.

Q. You now produce 17 cheques payable to Mr. Harding or bearer, varying between \$100 and \$200?—A. Yes; there is none over \$200.

Q. And only one below \$100?—A. I would not say for certain. There is some less than a hundred.

Q. One. Well, I see you have been lending him money for a number of years?—A. Oh, yes.

Q. And those cheques you have been showing me are only part of the cheques?—

A. Part of the cheques I have given him.

Q. He appears to have been getting cheques from you pretty nearly twice a month?—A. I should think five a year.

Q. Five or six a year?—A. Something like that.

Q. Transactions amounting then to how much per annum, \$700 or \$800?—A. \$700 or \$800.

Q. \$1,000 sometimes?—A. I could not say from memory. I should think—perhaps. I don't know.

Q. It would run to \$800 or \$1,000 a year, that would be the average of the transactions every year between you and Mr. Harding?—A. Yes.

Q. Now, how was it entered in your books?—A. It was entered in my bank book.

Q. What about your ledger?—A. It never was entered, it was accommodation.

Q. What about your cash book?—A. It was never entered; just cash put in.

Q. Do I understand then, in order to shorten the matter, you have no entry of those cheques?—A. Except the bank book.

Q. Outside of the bank book, you have no entry whatever?—A. Except a few in the cheque book I started this year.

Q. Are you in the habit of making cheques payable to bearer?—A. Yes.

Q. Always?—A. Not always, but mostly.

Q. Why?—A. My business is a great deal with the country people, and if I made cheques to order and they went to the bank they would not cash them unless I or somebody identified the people.

Q. But Mr. Harding is not a country person. The banks in St. John know him evidently?—A. Yes.

Q. And he would have had no trouble to cash cheques with the bank?—A. No. It was just customary for me to do so.

Q. Why make the cheques payable to bearer?—A. I seldom make them any other way.

Q. You had no other record, you were loaning him money and had no record?—A. Just a cash transaction.

Q. Why did you not enter those things in your books as soon as they went out and as soon as they came in from him?—A. Well, it was just that way.

Q. Why not?—A. Well, I don't know.

Q. Cannot you tell us?—A. I don't keep a thorough set of books.

Q. Oh. Whenever you let somebody have money from you you make an entry in your books?—A. If it is on account.

- Q. Even so if not on account?—A. Not just cash.
- Q. Do you mean to tell me, then, if some one were to go to you to-day for \$200 or \$300 you would not enter that in your cash?—A. Borrow?
- Q. Yes?—A. I would not put it in the cash book.
- Q. In no place whatever, no record?—A. I only keep the cheque.
- Q. And if he was not giving you a cheque?—A. I would take a receipt.
- Q. Did you take a receipt from Mr. Harding?—A. No.
- Q. How much is owing to you at present?—A. Not a cent.
- Q. Will you let us have your book?—A. Yes, sir.
- Q. I mean your ledger?—A. Can I get it, please?
- Q. Certainly. Is this your ledger?—A. Yes, sir (producing).
- Q. You have an index?—A. Yes, sir.
- Q. Well, I don't see his name here?—A. I have no account with him.
- Q. How can you tell me he does not owe you anything, how do you verify that?—
- A. He does not owe me anything.
- Q. How do you know?—A. Because I got money for the cheques.
- Q. When did you get the last one paid?—A. In July.
- Q. July of this year?—A. July of this year.
- Q. That would be the last one?—A. The last one.
- Q. How long had it been outstanding?—A. At that time?
- Q. Yes?—A. There was one besides that.
- Q. There was one at the time outstanding?—A. One outstanding in July.
- Q. What has become of that one?—A. Which, on my own?
- Q. Yes?—A. I don't understand that.

By Hon. Mr. Cassels:

Q. The cheques Mr. Harding gave you?—A. There was only one outstanding at that time, there was the two cheques.

By Mr. Perron:

Q. Let us understand each other. You say Mr. Harding paid you a cheque in July?—A. Yes.

Q. A cheque which he had given you?—A. There was three cheques in July.

Q. July last?—A. July last.

Q. Let us take the first one he paid you. He paid you in July?—A. Yes.

Q. How long had he had the use of the money when he paid you?—A. Only a few days.

Q. What about the other?—A. All those three cheques he only had the use of them a few days.

Q. What do you mean, ten or fifteen days?—A. Some not over ten days, I don't think any of them.

Q. What about the others, how long did he keep them?—A. Oh, about the same time.

Q. Ten days, two weeks?—A. None over a month except one.

Q. How long did he keep that one?—A. Two years and four months.

Q. When was that, when did you give him that cheque, in what year?—A. 1906.

Q. 1906?—A. Yes, 1906.

Q. What month?—A. July, I think.

Q. Have you got your bank book?—A. Yes.

Q. Will your bank book show that?—A. I think it will (producing).

Q. This is a cheque of July 28?—A. 27th, I think, I gave it to him.

Q. July 28?—A. 27th, I think.

Q. July 27, 1906, \$180?—A. \$180.

Q. And when was this cheque repaid?—A. Repaid this month.

Q. Then let me see where?—A. It is not in that book.

Q. When this month, yesterday?—A. Oh, no.

- Q. The day before?—A. It is within—
- Q. Let us find out exactly the date?—A. I could not tell you the exact date.
- Q. Surely this month?—A. I could not tell you the exact date he paid it.
- Q. Say Tuesday of this week?—A. It is further back than that.
- Q. Well, the court sat on Tuesday?—A. Yes, sir.
- Q. Was it the day before or the day the court sat?—A. I should think it was a week before.
- Q. Or in the week previous?—A. Or in the week previous, I think.
- Q. Friday or Saturday?—A. I could not from memory say; my memory is not—
- Q. Around there it must be. It must be Thursday, Thursday afternoon about five o'clock?—A. I could not say, I would not say.
- Q. After five o'clock Thursday last?—A. I would not say.
- Q. You could not be positive?—A. I could not be positive.
- Q. Did you know one of the counsel of this commission had come to St. John when you were paid this \$180?—A. I did.
- Q. You did?—A. He did not tell me that. I saw by the papers.
- Q. But you knew. Did he pay you interest on this outstanding cheque of two and a half years?—A. Yes, at the time he took up the cheques.
- Q. Did he pay you by cheque?—A. No, in cash.
- Q. Was he in the habit of reimbursing you in cash?—A. No, sir.
- Q. He was not. This is the only time, last Thursday after five or thereabouts, that he paid you a cheque in cash?—A. That is the only cheque I remember.
- Q. That is the only payment in cash you ever got?—A. That I remember.
- Q. And that is after one of the counsel of this Commission had come here?—A. Yes.
- Q. Did he go to your house to pay this cheque in cash?—A. In my office.
- Q. He went into your office?—A. Yes, sir.
- Q. Did you ask him to have this cheque paid?—A. Not at that time, I asked him before.
- Q. How long before had you asked him?—A. Well, I should say the first time would be three months after the cheque was given.
- Q. That was two years ago, that would be 21 months ago?—A. Yes.
- Q. After that, when did you ask him again, never since?—A. Excuse me a minute. Can I make an explanation?
- Q. No. You told me 21 months ago you asked him for payment of this cheque. Have you asked him since?—A. I asked him since, I am sure.
- Q. When?—A. It was in April, but at the first time, if you will excuse me telling you—
- Q. No?—A. There was something said.
- Q. In the month of April last you asked him for payment of this cheque?—A. Somewhere about April I spoke to him about it.
- Q. You spoke to him yourself?—A. I wouldn't say whether he spoke to me or I spoke to him.
- Q. What did he say to you?—A. He told me he would be able to pay it in June.
- Q. He did not pay it?—A. He did not pay it.
- Q. Did you ask him for it in June?—A. No.
- Q. Why?—A. He told me before he would pay interest.
- Q. When?—A. Why did he tell me?
- Q. When?—A. That was about two years ago.
- Q. How did he come to tell you he would pay interest on it?—A. Because I asked him about the cheque, and he said, 'Do you want to use the money?' Says I, 'not particularly, but I want to get it.' Well, he says, 'I will allow you interest, if you like.'
- Q. Do I understand on the others he never paid you any interest?—A. No interest.

Q. When he paid you last Thursday what did he tell you?—A. He just asked me to count up and see how much the interest was. He took the interest down, counted it up and paid me the money over in bank notes.

Q. Did he say anything at all?—A. He didn't say anything.

Q. Not a word?—A. No.

Q. How did you come to know that one of the counsel of this Commission had come down here?—A. Just by the papers.

Q. Mr. Harding never spoke to you at all, he never said a word?—A. Not about counsel.

Q. I should like to know very much what he told you at the time?—A. At the office?

Q. When he paid you. You must have been surprised when you saw him come in to pay you?—A. He promised some time before.

Q. Did you feel a little surprised yourself?—A. I don't know as I did, I expected it.

Q. Let us try and find out. Were you not surprised when you saw Mr. Harding come in to pay you this cheque?—A. I am not sure I was.

Q. Can you say you were not?—A. I can't say I was or I was not.

Q. You cannot say either way. Then all this time you were loaning money to Mr. Harding, you were selling goods to the department?—A. Yes, sir.

Q. At 20 per cent over retail prices?—A. No, sir.

Q. No?—A. No, sir.

Q. 15 per cent?—A. No.

Q. 10 per cent?—A. No, sir.

Q. How much per cent over and above retail prices?—A. Just at retail prices.

Q. Just at retail prices?—A. That is what I should judge.

Q. Are you positive as to that?—A. I am positive I would sell to anybody else at the same time and sell—

Q. Are you certain all your prices were not at least 25 per cent over retail prices—at least 10 to 15 per cent over retail prices?—A. No. I am prepared to swear my profits were not 25 per cent taking the average right through.

Q. How much above retail prices were your prices that you charged to the department?—A. I would not say there was any.

Q. Who was certifying to your accounts, Mr. Harding?—A. I expect. I never asked him.

Q. You have no doubt as to that?—A. Excuse me.

Q. You have no doubt as to that?—A. No, I have no doubt of it.

Q. No. You were getting paid through him?—A. I did not.

Q. You were not sending your accounts yourself to the department or were you?—A. He was sending them, yes.

Q. Sending you cheques?—A. Yes, sir.

Q. He would send you cheques himself?—A. Yes.

Q. And receive the lumber?—A. Yes, sir.

Q. And judge as to quantity and quality?—A. Mr. Kelly.

Q. And Mr. Harding, too?—A. Yes.

Q. And in the meantime you were lending him money?—A. Just what I say.

Q. Because he was agent of the Marine and Fisheries?—A. No, sir.

Q. That was not the reason?—A. No.

Q. Do you swear that it never occurred to you that this man was the agent of the Marine and Fisheries Department here?—A. I never took that into consideration whatever.

Q. It never occurred to you?—A. No.

Q. Will you swear to that?—A. I swear I know he was the agent, yes sir.

Q. And you knew a few cheques would make things smooth?—A. I didn't know about that.

Q. You have no doubt?—A. No. If he had not been agent I would have lent him money.

Q. You have no doubt it was making things a little smother?—A. Not that I know of.

Q. Now, how much did you lend to Mr. Kelly?—A. Nothing, I never lent him a cent.

Q. Have you sold goods to Mr. Harding?—A. No, sir.

Q. Or to Mr. Kelly?—A. No, not direct to him.

Q. What do you mean?—A. Well, there was one bill to Mrs. Susan Kelly, or Mrs. John Kelly.

Q. To Mrs. John Kelly?—A. Yes.

Q. Who is Mrs. John Kelly—his wife?—A. I expect.

Q. She owns property here?—A. His wife's property.

Q. What is she buying lumber for?—A. For herself.

Q. For her husband?—A. No, for her own house.

Q. For her own house. Now, have you got this bill in your ledger here, I would like to see it?—A. Page 479.

Q. What year is this, no year mentioned?—A. No.

Q. What year would that be, 1904?—A. I can get the other book and tell.

Q. Certainly, get it please.

Mr. TEED.—Just one question.

Mr. PERRON.—I am not through.

Mr. TEED.—I beg your pardon. I thought you were through.

By Mr. Perron:

Q. What page?—A. 36.

Q. What year would that be?—A. This year, I think.

Q. 1904, the first sale was four or five years ago?—A. No, all this year. If you give me the first number there I will try and hunt it up.

Q. Page 31.—A. Here it is here.

Q. You did not enter any year?—A. The year is all of this.

Q. What year is this for?—A. For this year.

Q. 1907?—A. 1907.

Q. This lumber was sold in 1907?—A. Some of it.

Q. Who ordered it, Mr. Kelly?—A. Sir?

Q. Who gave you the order?—A. Mr. Kelly.

Q. You never sent a bill?—A. Yes, sir.

Q. Did you?—A. Yes.

Q. When?—A. I should think a month or so after it was got.

Q. You never got paid?—A. He spoke to me several times.

Q. You never got a cent?—A. Yes, it has all been paid.

Q. Where are the credits?—A. It would be in the cash book.

Q. Never in the ledger at all. So you get paid on the 18th of this month?—A. Yes, sir.

Q. Any other employee with an account in your book, have you sold to any other employee or official?—A. I think there is a small account of Captain Bissett's.

Q. Is it paid?—A. It is paid.

Q. When?—A. When that account—

Q. When was it paid?—A. I could not tell you without looking.

Q. Is it this month also?—A. Oh, no.

Q. How long ago—you don't know?—A. No. Page 371.

Q. Anybody else than Mr. Bissett?—A. No.

Q. That is all?—A. That is all.

Q. You are sure you never sold to anybody else?—A. Sure. 25th June, 1904.

By Hon. Mr. Cassels:

Q. Mr. Harding, that cheque here is dated 27th July, 1906. Now, there is nothing on the face of it to show it is not payable in cash. Had you any written memorandum or any letter or anything else to show that was to be a time loan?—A. No, sir. That was to be just the same as the others at the time, then he asked me afterwards to let it go.

Q. How long afterwards did he ask you?—A. About three or four months.

Q. Between that time and two or three months you had never demanded it back?—A. I don't remember. It is a long time.

Q. Can you account now for this \$180 running as a debt and his coming to you and asking for other sums?—A. That was on interest.

By Mr. Perron:

Q. You know those cheques, thirteen of them, they are all signed by Mr. Harding?—A. Yes, sir.

Q. Made payable to bearer or cash?—A. Yes.

Q. Cash or bearer?—A. Yes, sir.

By Mr. Teed:

Q. Look at that before looking at them?—A. If my name is on the back of them.

By Mr. Perron:

Q. It is all on the back of them, made payable to cash or bearer?—A. Yes, sir.

Q. Sent to you?—A. Yes, sir.

Q. Can you tell me why they were not payable to order?—A. No.

Q. Is it not the fact that it was to cover up the transaction—that is it pure and simple?—A. No, just an exchange of cheques.

Q. And that is the reason why they are made payable to cash or bearer?—A. No, no, no. It was just—

Q. Just a convenient way.

By Mr. Teed:

Q. Just one question. You are a relative of Mr. Harding's?—A. A cousin.

Q. And have always been friendly with him?—A. Always friendly, from boys.

Q. Did you ever pay any commissions or rake-offs to Mr. Harding?—A. No, never a cent.

Q. Your prices were ordinary retail prices?—A. Yes. I did not make over 20 per cent.

Q. Oh, yes. Then these cash transactions, you gave him your cheque and he gave you his cheque?—A. At the time.

Q. As a rule they only lasted a few days and then were cashed?—A. It might be sent down by a messenger from the office.

Q. Were the respective cheques cashed or returned to each other?—A. They were cashed right in the office. I would deposit his cheque in my bank by having it certified.

Q. The only one that stood was this for \$180?—A. The only one I remember.

The following exhibits were marked:—

Cheque stubs, May 14, 1904, to April, 1905. Exhibit 298.

Cheque stubs, April 22, 1905, to March, 1906, Exhibit 299.

Cheque stubs, November 27, 1906, to September 25, 1907. Exhibit 300.

Cheque stubs, March 1, 1906, to November 27, 1906. Exhibit 301.

Bank pass book of T. McAvity & Sons, September 30, 1903. Exhibit 302.

Bank pass book of T. McAvity & Sons, September 19, 1904. Exhibit 303.

Bank pass book of T. McAvity & Sons, September 30, 1905. Exhibit 304.

Monthly statement No. 3, T. McAvity & Sons. Exhibit 305.

Letter, F. J. Harding to G. McAvity. Exhibit 306.

Cheque, F. J. Harding November 11, 1904, \$10. Exhibit 307.
Cheque, F. J. Harding, December 20, 1908, \$375. Exhibit 308.
File of 17 cheques, Harding in favour of Owens. Exhibit 309.
Cheque, Harding to G. McAvity, \$225. Exhibit 310.
File of three cheques, McAvity to cash, 1907. Exhibit 311.
Stubs of cheques, 1907 to 8. Exhibit 312.
Stubs of cheques, 1905 to 6. Exhibit 313.
Stubs of cheques, 1906 to 7. Exhibit 314.
Bank pass book of G. A. McAvity, 1907. Exhibit 315.
Bank pass book of G. A. McAvity, 1906. Exhibit 316.
Letter book of T. McAvity & Son. Exhibit 317.
Letter book of T. McAvity & Son. Exhibit 318.
Letter book of T. McAvity & Son. Exhibit 319.
Letter book of T. McAvity & Son. Exhibits 320a, b, c.
File of 17 cheques, C. H. Harding & Co. to F. J. Harding. Exhibit 321.
Bank pass book of C. N. Harding. Exhibit 322.
File of 13 cheques, Harding to cash. Exhibit 323.

Adjourned at 1.10 p.m. to 2.15 p.m.

Miss IDA WOODLEY sworn.

By Mr. Watson:

Q. Miss Woodley, is it?—A. Yes.

Q. Miss Woodley, you are in the office of the chief agent of the department here?
—A. I am.

Q. And how long have you been in this office?—A. Since 1897.

Q. Since 1897. I see. You have been here 11 years then. And what are your duties in the office?—A. Whatever Mr. Harding gave me to do.

Q. Yes. But especially what? Do you keep the books now?—A. I do not.

Q. Who keeps the books now?—A. Mr. Brown.

Q. Do you keep any of the books?—A. I enter the cheques.

Q. You enter the cheques, I see. That is, the cheques issued by Mr. Harding?—A. The cheques issued by the department.

Q. Yes; and the cheques issued by him himself, his own cheques?—A. His own cheques?

Q. Yes?—A. I don't know anything about his own cheques.

Q. You don't know anything about his own cheques, is that right?—A. Do I understand your question right?

Q. I hope so. That is the cheques signed by Mr. Harding himself. Did you look after those more or less? Just, for instance, there is a cheque book to May 27, 1908, did you enter up those cheques (exhibiting)?—A. Yes, I entered those. That is those later ones all right.

Q. The later ones, I see. Then here are some cheque books labelled 1, 2, 3, 7, 8, Where are 9, 10 and 11? Where are those cheque books kept?—A. In the vault.

Q. That is the vault used in the offices of the department?—A. Yes.

Q. They are kept there in the vault, they have a regular place to be kept in?—A. Yes.

Q. That is where you always know them to be?—A. Yes.

Q. Then the cheque books were taken out the other day. Were you there when they were taken out?—A. When they came up here?

Q. Yes?—A. I have been in the office right along.

Q. You were there in the office, yes. Do you know of any cheque books like these being destroyed? You spoke of that the other day?—A. I cannot remember any.

Q. You cannot remember any being destroyed?—A. I cannot think of any.

Q. You were good enough to say to me and to my learned friend, Mr. Perron, the other day when we met you that you were not quite sure that none had been destroyed?—A. Well, not that I can think of, I can't think of any.

Q. Being destroyed, I see. And there was a regular place for keeping them all?—A. There was.

Q. How can you account, or can you account, then for the absence now of books Nos. 4, 5 and 6, because we have the full list here from 1 to 11, excepting 4, 5 and 6—have you any idea where those are?—A. I have not.

Q. As far as you know they were all kept together in the vault?—A. Yes.

Q. That was the regular system, they were kept there?—A. We kept them in the vault.

Q. And you have no knowledge of any being destroyed or lost?—A. I cannot remember.

Q. You cannot remember. You would remember if anything of the kind had taken place, would you not? You need not be nervous?—A. Well, I cannot recall any just at present.

Q. You cannot recall any?—A. I cannot recall any.

Mr. WATSON.—Then the fact is that these are produced, my lord, and Nos. 4, 5 and 6 are not here. They cover quite an important period of the matter.

Q. Then you identify these as the bank books? These will be marked, if you please, that is, 1 to 11, inclusive, excepting 4, 5 and 6.

(Books marked Exhibits 324, a to h.)

Q. I see in these cheque books apparently there are entered departmental cheques, and also personal cheques appear to be entered here. Is that not so (exhibiting)? For instance, you remember Mr. Harding gets money from the department to pay wages, does he not?—A. He does.

Q. A cheque is sent payable to his order to meet the pay lists and a few matters of that kind?—A. Yes.

Q. Then he issues his own cheques for departmental purposes, that is to meet those particular disbursements, then all the cheques which are issued by him for departmental purposes are entered in these books?—A. They would be.

Q. And in addition to that cheques are drawn in the same book for his personal matters, you enter up those cheques, those books, that is so, is it not?—A. I enter the books.

Q. Yes, you enter the books. And is that not so, cheques appear in these, do they not, that are for personal matters; is that not so? Just look at them, please. That starts June 9, 1904, look at these and see if these are personal cheques (exhibiting books to witness). Some of them, and then just turn over sufficiently to satisfy yourself. Is that right?—A. It looks right.

Q. Yes, that is right, quite so.

Mr. TEED.—Which book is she speaking from?

Mr. WATSON.—No. 1 of the cheque books.

Q. And the same thing apparently continues throughout. What is meant by the initial 'E'?—A. Entered.

Q. Entered where?—A. Entered in the ledger.

Q. Then do you know anything personally about the cheques that Mr. Harding used to receive from merchants and business people about town?—A. No.

Q. Eh?—A. No.

Q. You do not know anything about those?—A. Nothing whatever.

Q. Nothing whatever?—A. Nothing.

Q. Did those come into your hands?—A. I never knew of Mr. Harding getting any.

Q. You never knew of Mr. Harding getting any. And did you know of his issuing cheques to people, business men about town?—A. I do not.

Q. Do you know of his issuing many cheques payable to cash? You knew of that, of course you did not know what was done with them?—A. I know nothing about what was done with them.

Q. I see, you had not to do with that. These are the bank books, are they not, in the department and individual bank books (exhibiting)?—A. Yes.

Q. I see in looking over the bank books that to a very considerable extent the account was from time to time—I mean to say the account was very frequently an overdrawn account. Was that known to you or not?—A. I cannot say it was.

Q. That will have to appear from the books themselves.

(Bank books marked Exhibit 325a, b, and c.)

Q. Then you have no personal knowledge of the financial condition and transactions by Mr. Harding?—A. None whatever.

Q. That is Mr. Harding's handwriting?—A. I would think it was.

Q. Yes, 'J. F. Harding, May 25, 1905, pay to cash or bearer \$99.75.' And this has written on the back of it the name C. Thompson-Schmidt. Have you any knowledge of that cheque?—A. None whatever.

(Cheque marked Exhibit 326.)

Mr. TEED.—What is the date?

Mr. WATSON.—May 25, 1905.

Q. You do not know why that cheque was given to Mr. Schmidt?—A. I cannot say.

Q. You do not know anything about it, I see. There is another cheque, September 3, 1906. That is Mr. Harding's handwriting?—A. It looks like it.

Q. A cheque for \$303.01 payable to John J. Barry. Do you know Mr. Barry, a merchant here, is he?—A. I didn't see him come in the office.

(Cheque marked Exhibit 327.)

Q. He is a merchant here?—A. He was.

Q. Is he not living now?—A. He is not living.

Q. I see a cheque payable to cash for the amount mentioned, \$303.01, dated September 3, 1906, endorsed John J. Barry, my lord. He was one of the merchants from whom goods and supplies were obtained?—A. By the department.

Q. Yes, by the department?—A. Yes, one of those.

Q. And I have two cheques here June 17, 1904, payable to cash, one for \$275 and the other for \$375. Have you any knowledge of those?—A. None.

(Cheques marked Exhibits 328 and 329.)

Q. No knowledge of those at all. And you observe with regard to these that they bear the same number, 279. Perhaps you will get that cheque book, June, 1904. Is that the cheque book for 1904?

Mr. TEED.—I think it is here.

By Mr. Watson:

Q. Here it is. They are both numbered 279. Can you account for that?—A. I cannot.

Q. And it appears not to have been a mistake, because one of them is number first 512, then 279 is substituted for it, so it is not accidental at all. You cannot tell, eh?—A. I know nothing about them.

Q. I see there is a difference in them of \$100. That is the way it stands?

Mr. WATSON.—No. 1, my lord, starts at June 28, 1904, the first cheque was No. 289.

Hon. Mr. CASSELS.—The first cheque in the book?

Mr. WATSON.—Yes, No. 289.

Q. Do you know anything about any cheque book before No. 1?—A. I cannot say.

Q. Who was it from the department at Ottawa that called oftenest at the office?
—A. I cannot say that.

Q. Was Mr. Fraser there quite often?—A. Well, I would not say he was there any oftener than any one else; they came down occasionally.

Q. Yes. That is Mr. B. H. Fraser?—A. Mr. B. H. Fraser was there.

Q. There quite frequently?—A. I would not say frequently.

Q. Several times a year?—A. He might have been.

Q. Quite friendly, you all knew him pretty well?—A. I knew Mr. Fraser to speak to when he would come in.

Q. And others, who else from the Department at Ottawa?—A. Colonel Anderson came in.

Q. Colonel Anderson. You know him pretty well too?—A. I know him about the same.

Q. About the same. And who else?—A. I saw the Deputy Minister once.

Q. Just once. And others, what officials, what local officials were there the most?—A. From where?

Q. In the office, the most from any place, what local men? Was Mr. Schmidt there quite often, Mr. Thomson-Schmidt?—A. Not very often I would not say.

Q. Mr. Kelly about there a good deal?—A. The Lighthouse Inspector?

Q. Yes?—A. Why, his office is across the hall.

Q. His office was across the hall. So he was right there. And Mr. Morris, the engineer?—A. I don't know Mr. Morris.

Q. Don't know him?—A. That is by name.

Q. Mr. McConkey, did you see him often?—A. I know him to see him.

Q. Captain Bissett?—A. I know Captain Bissett.

Q. He is often there?—A. Well, he would come in.

Q. Any other captains and officers?—A. All that are in the agency you see, that would be with the department's business.

Q. Yes, about there. Take a look at these please, I have quite a bundle of cheques there for the year 1904. Just look at a few of them. There is no doubt about the signatures being Mr. Harding's? (Exhibiting.) A large bundle, I should think—About how many—Perhaps 100 cheques there.

Mr. WATSON.—Those have been sorted out, my lord. They are payable to cash, signed by Mr. Harding, and not endorsed, there is no name appearing on the back of them at all. I will just put them in in that way.

(Bundle of cheques marked Exhibit 330).

Q. In the same way another bundle for 1905, about the same number, issued by Mr. Harding, payable to cash, and not endorsed.

(Marked Exhibit 331).

Mr. TEED.—That is 1905.

Mr. WATSON.—Yes. In the same way in 1906, this bundle is the same. (Exhibiting to witness). These are Mr. Harding's are they not?—A. They look like it.

Q. 1906, another large bundle.

(Marked Exhibit 332.)

1907, another large bundle, the same way, about the same number I should think. (Exhibiting to witness.)

(Marked Exhibit 333.)

Again, 1908, a bundle in the same way. (Exhibiting to witness.)

(Marked Exhibit 334.)

Now, you have another set which are issued to individuals and endorsed in the regular way. I merely want to identify them. Here is a large number altogether, I should think during the same years, cheques that apparently issued in what we

usually think the regular course, payable to individuals or to firms, and endorsed in the usual way. I do not know it is actually necessary, but perhaps we had better mark them.

(Marked Exhibit 335.)

Q. You are not familiar with the system, or what would lead to the difference in the way of making those cheques, the issuing them, you have no personal knowledge about that I understand?—A. No.

Q. Not at all; that will do, thank you.

By Mr. Teed:

Q. Just one moment, Miss, will you. Do you know whether, for instance, that block of cheques which counsel has just produced to you in the year 1904, payable to cash, would those be departmental cheques out of the cheque book of 1904—can you tell me from looking at the stubs—or were they private cheques of Mr. Harding's out of some other book, or do you know?—A. I don't know.

Q. Do you know whether Mr. Harding kept another cheque book of his own, a private cheque book?—A. You say Mr. Harding's cheques with the department?

Q. I say do you know whether Mr. Harding, for instance, during the year 1904—might I look at those cheques a moment. Mr. Watson, are those chronologically arranged or just miscellaneous?

Mr. WATSON.—I am not sure about that.

Mr. TEED.—They do not seem to be.

Mr. WATSON.—But it will help my learned friend, by looking through the cheque books he will see the cheques are private cheques to a large extent, at least they appear so.

Mr. TEED.—The dates in these stubs of cheques that are produced here apparently run consecutively, say from the first of the month right along, the 6th, 7th, 8th, 10th, right through the month, don't they? Do you write out those cheques, are any of those stubs in your writing or in some one else's, for instance, this cheque book No. 3?—A. That is my writing.

Q. Those cheques on the first page of the stub are in your writing, are they, of December, 1904? They seem to be all payable to individuals, don't they? I do not know whether you told me or not, but did you say whether or not you knew Mr. Harding had another cheque book, a private cheque book?—A. I think these are all the cheque books we have.

Q. It is pretty hard to follow them without taking up too much time, that is the difficulty. Have you the cheque book of January, 1904, there?

Mr. WATSON.—No, January, 1904, is not there. It starts, you remember, in July.

Hon. Mr. CASSELS.—June, 1904.

Mr. WATSON.—Yes, around there.

Mr. TEED.—Well, do you remember any such number of cheques as this payable to cash being issued in any one year out of the departmental cheque book? Was it not the rule in the department, so far as the departmental expenditure or cheques were concerned, to make them payable to the party in payments for disbursements?—A. Yes.

Q. Disbursements?—A. Yes.

Q. That was the general rule?—A. That was the rule.

Q. And these stubs almost altogether show that way, don't they?—A. As far as I see.

Q. Well, now, that being so, is it not apparent to you that this large number of cheques payable to cash must have been from some other cheque book, and apparently were they not on Mr. Harding's personal and private matters?—A. I don't know.

Hon. Mr. CASSELS.—Are the cheques numbered?

Mr. TEED.—They are numbered in the stubs I think.

Hon. Mr. CASSELS.—But I mean the private cheques, have they numbers on the cheques?

Mr. TEED.—Yes, they are mostly numbered. If one had the time one could check them off and see.

Mr. WATSON.—We have alrady found several. We went far enough to come to the conclusion they are all out of the same book. We may be mistaken.

Mr. TEED.—I think you must be mistaken; but without holding up the Court here I cannot verify it and test it.

Hon. Mr. CASSELS.—Some of those seem to have a stamp number, others have not.

Mr. TEED.—Some of these are stamped, for instance January 1906 No. 1, is in ink, No. 2 is in ink, No. 3 is stamped.

Q. I just refer you for the moment to this cheque book—I won't go through it all—this is the cheque book for 1906, being No. 7 of those stubs. You might glance through them and see if they are not all cheques written apparently by you. Where the writing is in your hand in the stub does that mean you wrote out the cheque, filled in the body of the cheque?—A. I would think so.

Q. That would be the ordinary course, would it?—A. Yes, that is what I think.

Q. Will you glance through that and see how many, if any cheques you find in that Departmental cheque book payable to cash? Just glance along through and see if you direct any, or if they are not all, or substantially all, payable to individuals, and were not they drawn by you in the ordinary way of the Department's routine?

Mr. WATSON.—If there are any other cheque books perhaps my learned friend will be kind enough to produce them on behalf of his client.

Mr. TEED.—This is the first evidence about it. I do not know whether there are or not. It is apparent there must have been.

Mr. WATSON.—One other reason, my lord, is that we had an opportunity to have an interview with Mr. Harding, my learned friend's client, and asked him to produce all the cheques and the cheque book, and he has produced these cheques, which we have now put before your lordship in Court, and the cheque books as being all the cheques and all the cheque books. So if there is anything else my learned friend will perhaps see to its production.

Mr. TEED.—It is a matter easily verified by comparing the cheques with the stubs, but it would take a great deal of time.

Mr. WATSON.—The easiest way is to produce the others, if there are any.

Hon. Mr. CASSELS.—Do you know, Mr. Teed, whether Mr. Harding kept a separate bank account?

Mr. TEED.—I do not understand there was.

Hon. Mr. CASSELS.—Just one bank account?

Mr. TEED.—Just one bank account. There are no other cheque books?

Mr. PERRON.—No. We have been asking Mr. Harding for all his books.

By Mr. Teed:

Q. Do you notice any payable in cash in 1906?—A. I do not notice any.

Q. And in glancing through it are not those stubs apparently all wrtitten by you?—A. Looking at it that way I would say they were.

Mr. WATSON.—What is the date of that Barry cheque?

Mr. TEED.—I have it here.

Hon Mr. CASSELS.—September 3rd, 1906.

Mr. TEED.—I won't detain this witness any longer, at all events at this moment. It may be that I may be permitted on getting further information to ask some further questions.

Mr. WATSON.—That is all right.

Charles BRADLEY, sworn.

By Mr. Watson:

Q. Mr. Bradley, where do you reside?—A. In St. John here.

Q. What is your business?—A. Boilermaker and blacksmith.

Q. And have you done boiler repairing for the Marine Department?—A. Yes sir.

Q. Recently, during the last few years?—A. Well, about 18 months I think since I done any work.

Q. Eighteen months ago?—A. I have not done anything since that time.

Q. Not since that time?—A. I think about that time.

Q. Before that time did you do any repairing work?—A. Yes, some, never very large.

Q. I see. And with whom did you have transactions, Mr. Harding?—A. Yes sir.

Q. With Mr. Harding. Did you get your orders from him?—A. Yes sir.

Q. By letter or personal message?—A. Personally and by telephone.

Q. I see. It was by personal communication and also telephone communication. And did you do much work in that way?—A. Not a great deal. I couldn't tell you exactly how much it was now.

Q. Eh?—A. I could not tell you exactly how much it was now. It was not so very heavy, very light.

Q. And did you come into communication with anyone else than Mr. Harding?—A. No sir.

Q. Any of the other employees?—A. No.

Q. Or officials?—A. No sir.

Q. All with Mr. Harding. What did you do repairing on, the boiler of what?—A. Repairing on the *Curlew* and the *Lansdowne*.

Q. The *Curlew* and the *Lansdowne*?—A. Yes sir.

Q. I see. Any others?—A. No, not through Mr. Harding. I done some government work, but not for Mr. Harding.

Q. In the Marine Department?—A. No.

Q. Some other department?—A. Yes.

Q. Well, we have got nothing to do with that. It was just that then. You had those transactions with Mr. Harding?—A. Yes.

Q. Did you send any account to the department?—A. I put my account in to Mr. Harding.

Q. You put your account in Mr. Harding's hands?—A. Yes.

Q. Then you got the orders or directions from him, and you sent a cheque to him?—A. I got my cheque from him for the repairs I done.

Q. You got your cheque from him?—A. Yes.

Q. Did you have trouble or difficulty?—A. Not a bit.

Q. What?—A. No sir.

Q. Not a bit?—A. No. When the work was finished I got difficulty, there was quite a little while I didn't get paid right away, but I got it in a month or two. I couldn't just exactly tell you the time, but it was not a great while anyhow.

Q. It was not a great while anyway?—A. No.

Q. Have you said anything differently to anyone?—A. No sir.

Q. You have not?—A. No.

Q. Mr. J. N. Smith has sent me a communication in writing saying that he has learned of another case of one Charles Bradley who has done boiler repairing for the Marine Department. He makes the positive statement to several responsible people that Mr. Harding held \$50 of his amount due from the department, and he had to interview the men that control the patronage before he got it back.—A. Well.

Q. What about that?—A. That is a direct lie.

Q. Is it?—A. (Witness laughs.)

Q. I see. Well, you nail it right, I suppose, if that is so. That is without foundation, eh?—A. Yes.

Q. Do you know Mr. J. N. Smith?—A. I don't know him.

Q. I wish you would have it out with him.—A. I don't know him at all.

Q. You don't know him at all, eh?—A. No.

Q. And is that all you have had to do with the department and Mr. Harding?—A. There was never \$50 kept off me for any boiler repairs I ever done.

Q. He adds here: 'Mr. O'Brien was the one he saw—the one you saw—and the amount was returned.'—A. I beg your pardon?

Q. He says that you had to see the men that control the patronage list before you got it back, and then he says Mr. A. O'Brien was the one he—that is you—saw.

MR. TEED.—R. O'Brien.

MR. WATSON.—Perhaps it is R. O'Brien was the one he saw and the amount was returned. What do you say about this, did you see Mr. R. O'Brien about it?—A. Mr. Richard O'Brien?

Q. I suppose that is Richard.—A. No, there never was no \$50 kept off me.

Q. What was the amount?—A. It was not for boiler repairs at all.

Q. It was for something else?—A. Yes.

Q. What was it?—A. It was a plating.

Q. What?—A. Plating that was put on the side of a ship.

Q. Oh, it is a little mistake?—A. Yes. That is all, and there was 10 days work done, and Mr. Harding told me to go down and look after it at the iron works, and I did that and I put the plating on, and then there was no account kept of that, but when I was on the ship working my time was kept and I got paid for that, and I got later for that afterwards, \$30.

Q. \$30 instead of \$50?—A. Yes.

Q. And that is what you had to see Mr. Richard O'Brien about?—A. Yes, oh yes.

Q. And had you to see him and some others?—A. That was the only one. I explained it to Mr. Harding all about it. He said he had no particular account about that time, he said that had to be fixed between Mr. McConkey and I, Mr. Harding had nothing to do with that at all, and Mr. Harding said he could not pay me that money without Mr. McConkey, being the inspector, visited, and when Mr. McConkey come here—he had been here several times, but I missed him, he was here and away again—at last I met him, and I told him. I went to see Mr. Harding, he said, 'It is no use Charlie, I can't do it.' I told him, 'Mr. McConkey knows I looked after the work.' He said, 'All right, it is \$30.'

Q. Who paid you, Mr. McConkey?—A. No, Mr. Harding sent me a cheque for the money.

Q. And had you before that sent him the account?—A. Yes, and the work was done.

Q. In a regular way?—A. Yes.

Q. And you got your orders from Mr. Harding?—A. Certainly.

Q. You got your orders from him in the first place?—A. Yes.

Q. Now, what date was that?—A. I couldn't tell you exactly.

Q. About what date, this year?—A. Sir?

Q. This year?—A. No, it was last year.

Q. Last year, 1907. I suppose we can trace it up pretty easily. About what time would it be, the spring or summer, sometime in the summer I suppose?—A. I don't know. It was somewheres in July, I think, I am not certain about that.

Q. What steamer was it?—A. The *Lansdowne*.

Q. I see. And what about Mr. McConkey, how much did he get?—A. How much did he get?

Q. Yes.—A. How could I tell you? He would have to ask you. That is something I couldn't answer. You might tell better than me.

Q. How much was the account in the first place?—A. Well, I can't tell you just now.

Q. It was quite a little bit more than that, was it not; quite a good bit more than \$30 in the first place?—A. Yes, sure; I put the plate on.

Q. Yes, the account was more than that. And how much did Mr. McConkey want off it?—A. He didn't want a cent.

Q. Didn't he?—A. Mr. Harding never got a cent from me in his life, nor anybody else.

Q. And was the account \$100 in the first place?—A. Oh, yes; over \$100.

Q. And did you only get \$30 out of it?

Mr. TEED.—A different account altogether.

A. I was looking after the plates when getting ready on the wharfs; they came there to the ballast wharf, and were delivered there. Instead of removing them to my shop, I took them into the iron works, rolled them and got them drilled there; and it was while I looked after that, this is where the \$30 come in.

By Mr. Watson:

Q. You had to raise a pretty good row before \$30 came in?—A. Not much.

Q. Not much for Mr. Bradley?—A. If I didn't get it I would not squeal a lot, I said I was entitled, and I got it. I didn't get anything that was not coming to me.

Q. No, I do not suggest that at all. Then, who was about there; were the officers and men rather liking the presents?—A. Oh.

Q. You know?—A. You mean the chief engineers?

Q. Those who liked presents?—A. Captain Bissett was there.

Q. Did he get any presents?—A. Lord! I don't know. He never got none from me.

Q. Did any of them get any from you?—A. I never got enough out of the job to give to anybody.

Q. Then, this is not altogether a lie after all, except it is not a boiler; it is side plates instead of a boiler?—A. Yes; but instead of \$50 it is only \$30.

Q. Yes, that is it. That seems to be all.

By Mr. Teed:

Q. I understand your first account made out for work did not include this extra work, is that it?—A. Well, don't you understand; I just explained it.

Q. I do not understand it quite. Did the first account you—?—A. I will explain it to you again.

Q. Just answer me this?—A. Go ahead.

Q. The first account you made out for the work; you did plating on the ship—I want to know whether that included this \$30?—A. I made it out, and Mr. Harding would not pay it. He said he knew nothing about that time, that he only took the time from the time I come over the side of the ship.

Q. That is all he had certified to him?—A. Yes.

Q. Did he pay you the account except the \$30?—A. Yes.

Q. Then he refused to pay you the \$30 until it was certified by Mr. McConkey?—A. Yes.

Q. That is correct, is it not?—A. Because Mr. Harding sent me there to do the work; at the same time there was no time kept, and I said if I can't get it any other way, I will have to see the inspector. Mr. McConkey came down and settled it between them—between Mr. Harding and Mr. McConkey—and they sent me a cheque for \$30.

Q. That is after Captain McConkey had settled with you that it was just and certified it?—A. Yes. I done the work all right; of course, I was entitled to it. If I didn't get it, I thought there was another way of getting it.

Q. That is all right.

FRANK WATSON sworn:

By Mr. Perron:

Q. Mr. Watson, you are a member of the firm of F. & J. Watson?—A. Yes, sir.

Q. How many members are there in this firm?—A. Two.

Q. Mr.—A. James and Frank.

Q. Wholesale grocers?—A. Retail grocers.

Q. Retail grocers. You have your books here?—A. A part of them here, yes.

Q. Will you produce them, please?—A. (Witness produces books.)

Q. Let me see your ledger. Well now, let me have Mr. Harding's account, will you?—A. This is 1908.

Q. Previous to that?—A. It would be in another book exactly the same as that.

Q. He seems to have paid you?—A. Here (indicating.)

Mr. TEED.—This is the ledger of Mr. Harding's account?

Mr. PERRON.—Yes.

Q. For instance, the October account, \$314, paid?—A. Yes sir.

Q. When?—A. November 6.

Q. Well now, without going all over those books, has he always paid you his accounts?—A. Always, sir.

Q. What discount were you allowing?—A. None.

Q. At what prices were you selling to him?—A. The same as anybody else.

Q. Any cheaper?—A. No sir. There are the accounts for you to look at.

Q. Yes. Now, you have also been selling to the Department of Marine and Fisheries?—A. Yes sir.

Q. Who gave you the orders?—A. I got them from the office here.

Q. Mr. Harding?—A. I suppose it would be from him.

Q. You suppose; do you know?—A. His signature was on the orders.

Q. You supplied groceries to be delivered on the *Lansdowne* and boats generally?

A. Yes.

Q. Who went to your place to order those groceries?—A. Generally one of the officers.

Q. Who would he be?—A. The chief steward generally.

Q. What is his name?—A. Dacey I think.

Q. Has he an account in your books?—A. No sir.

Q. Let me see it. A. He has not none.

Q. He has no account?—A. He never had.

Q. He had no goods?—A. We delivered them to the steamer. He never had no goods from the store.

Q. He never had any goods from the store?—A. No sir.

Q. Did you exchange cheques with Mr. Harding?—A. No sir.

Q. Never had any transactions with him?—A. Not a bit, sir.

Q. I see by his cheques to you that some are made payable to your order and some to cash?—A. Well, I can explain that.

Q. What is the difference between the two?—A. Well, to begin with, I don't think I ever was in Mr. Harding's office to get any of those cheques. I sent the clerk, and if we wanted one payable to cash we asked Mr. Harding to make it so, so the clerk would be able to pay some bills in the town that we owed. Those accounts were made up for two or three or four months.

Q. Do you tell me the cheques which were made payable to cash by Mr. Harding instead of being made payable to your order were so made at your request?—A. Well, most of them I would think.

Q. Would you?—A. Yes. I cannot just call from memory.

Q. I also notice that the largest cheques are made payable to cash and the smaller ones to order?—A. I guess they all run about alike with the exception of one or two.

Q. I beg your pardon. \$46 here, for instance, is the largest one made payable to cash. What for?—A. For groceries.

Q. Why?—A. For April.

Q. I am not asking that.—A. Look at the books for the goods.

Q. I am telling you the largest cheque in there is made payable to cash?—A. Whose endorsement is on the back?

Q. I am not asking you that. J. & F. Watson. Instead of being made payable to order, why are all the others not made payable to order?—A. I cannot just explain, only the explanation I gave you.

Q. Well, do you distinctly remember having asked Mr. Harding to make cheques payable to bearer or to cash?—A. I have asked my clerk.

Q. Do you remember yourself?—A. No, I never asked Mr. Harding for a cheque in my life, than those made to our order.

Q. Well, say so.—A. I say so.

Q. Do you remember any account which would have to be paid by you that day so as to necessitate a cheque being made to cash?—A. No, I cannot recall it.

Q. You do not?—A. No.

Q. Do you remember the dates when those incidents occurred?—A. No.

Q. The months?—A. No.

Q. The year?—A. Well, it would not be—

Q. You do not remember. Now, what gifts did you make to Mr. Harding?—A. No gifts at all.

Q. What do you mean? I am asking you what gifts you made to him?—A. What gifts I ever made?

Q. Yes.—A. None whatever outside possibly of a couple of pairs of partridge or a couple of pairs of birds, maybe at Christmas time.

Q. What date is Christmas in your store, is it the 17th of May or the 25th December?—A. No, I didn't say it was just Christmas time.

Q. You did not say it was Christmas. That forces us to go on. Was it Christmas, and what date is Christmas in your store?—A. I cannot say.

Q. Why do you say Christmas?—A. Because I have no dates of that time.

Q. Is it because I have asked you what dates in your store Christmas is that you have mentioned it was Christmas, is that it?—A. No, not at all.

Q. When did you make those gifts?—A. I could not tell you, but very very few.

Q. I am not asking you how many. I am asking you when you made them?—

A. I could not tell you, I did not take a note at all.

Q. Why did you make the gifts?—A. The same as I would to anybody.

Q. Oh, to all your customers?—A. Some customers I give gifts to.

Q. How many of them?—A. Not a great many.

Q. How many?—A. I couldn't just tell exactly.

Q. Are they in the employment of the Department of Marine and Fisheries?—A. No.

Q. How many are there you have given gifts to on Christmas or other days?—

A. Small gifts at Christmas time don't amount to anything.

Q. I am not asking you that. You knew at the time Mr. Harding the agent was passing your accounts, certifying them?—A. Certainly.

Q. Giving you the orders?—A. Yes.

Q. And you thought a gift here and there would make things smooth?—A. No. What would a pair of partridges do?

Q. At what prices did you sell above retail prices?—A. Not at all.

Q. How much above?—A. How much above?

Q. 10 to 15 per cent?—A. Always.

Q. Always?—A. Generally.

Q. You started by saying always, now you say generally?—A. Generally it would be.

Q. It would be retail prices?—A. It would be.

Q. And how much above?—A. Not at all.

Q. 10 per cent?—A. No.

Q. 15 per cent. Now, have you the names of any other official or employee of the department in your books?—A. No, sir.

Q. Mr. Kelly?—A. None. Mr. Harding is the only account we have in our books or ever had, and his account is straight right through.

Q. What about the stewards, how did they come in?—A. They would generally bring the order into the store.

Q. And?—A. And what?

Q. What next what were they getting?—A. They delivered the goods.

Q. What were they getting?—A. He was getting his goods that he delivered to the steamer.

Q. I am not asking you that. What was he getting for himself, what were you giving him?—A. Nothing.

Q. You were giving nothing at all?—A. Nothing at all.

Q. Not the least little present?—A. Not the least little present.

Q. That is all right. Have you any questions, Mr. Teed?

MR. TEED.—Except this. I understood the learned counsel to say to the witness that all the cheques except one were not payable to cash. I see there are about half a dozen here.—A. They were on his private account, which the books will show, you will see by the books right through, everything is straight and clear.

MR. PERRON.—If you say it too often we will have doubts.—A. Do you wants these any more?

Q. No, I do not. Do not make so much noise. If you make too much noise we will keep your books forever.

JOHN KEEFE, Sworn.

By Mr. Perron: .

Q. Mr. Keefe, what is your occupation, please?—A. I am manager of James Robertson Co., Limited.

Q. James Robertson & Co. here. You are also, if I am not mistaken, the testamentary executor of Mr. J. J. Barry?—A. Yes, sir.

Q. Who in his life time was a merchant here in St. John?—A. Yes, sir.

Q. What business was he in?—A. He was a broker.

Q. A broker?—A. Yes, and carried some little stock. He carried agencies, wholesale hardware principally.

Q. Hardware?—A. Yes.

Q. When did he die?—A. He died October, 1907. I don't know the exact date. I don't remember the exact date.

Q. You are also aware that he was selling to the Department of Marine and Fisheries here?—A. Yes.

Q. You must have seen that by his books?—A. Yes.

Q. You have been requested, Mr. Keefe, to look over the books of Mr. Barry to try and find out the nature of his transactions with Mr. Harding?—A. Yes, sir.

Q. Have you gone over his books?—A. I have looked through his ledger and cannot find any account with Mr. Harding, and another book that is there, some day book.

Q. What did you find, anything in the day book?—A. No.

Q. You see this cheque of September 3rd, 1906 for \$303 made payable to cash was endorsed by Mr. Barry, (Exhibit 327.)?—A. Yes.

Q. You could not find any trace of it in the books?—A. No.

Q. I also see in cheque book No. 2 of Mr. Harding's that on the 11th October 1904 he made a cheque without mentioning the amount here. We have no account of this cheque. The cheque bears the number 604, John J. Barry?—A. 1904?

Q. Yes?—A. I know nothing of that.

Q. You could not find anything?—A. No.

Q. Now, Mr. Keefe, as manager of James Robertson & Co., I presume you have been dealing with the Department of Marine and Fisheries?—A. Somewhat.

Q. Largely?—A. But not as much as I would like.

Q. Now, James Robertson & Co. is a very big concern?—A. Yes.

Q. A wholesale concern?—A. Yes.

Q. Selling at wholesale prices?—A. Yes.

Q. Nothing but wholesale?—A. Well, I may say wholesale altogether to all intents and purposes.

Q. James Robertson & Co., are absolutely doing the same business and handling the same goods as the firm of T. McAvity & Sons?—A. Along a great many lines.

Q. I mean to say as far as general hardware goes?—A. We are not in general shelf hardware, we are in milling and steam supplies.

Q. Steam fittings?—A. Yes.

Q. That is to say, you would have in your stock all that would be required, or mostly what would be required for the business of the Department of Marine and Fisheries here?—A. Yes.

Q. And your prices are wholesale prices?—A. Oh yes.

Q. Now, Mr. Keefe, will you tell me what is the difference between the wholesale prices and the retail prices in your line of business, your line of goods?—A. Well, in such goods?

Q. I want the average?—A. As we would sell we really have no retail prices in a way, we sell to them the same as any larger mill owner who wants to place an order with us for that class of goods.

Q. Well now, that is yourself or firm sell only at wholesale prices, but if the same goods were purchased at retail prices what would be the difference, how would the prices compare?—A. We sell so little retail that I could scarcely say, in fact we sell none at retail, that class of goods, only at one price.

Q. There must be a difference of at least 20 per cent?—A. That is generally supposed to be a fair average between the retail and wholesale price.

Q. 20 per cent. Now I notice that for three years you have been selling \$1,503 worth of goods to the Department of Marine and Fisheries, an average of \$450 per year?—A. Well, I sold them nothing in 1907; it must have been all in 1905-6.

Q. Nothing in 1907?—A. No, I do not think there is a debit for 1907. I will get the ledger.

Q. I see the firm of T. McAvity & Sons during the same period have sold about \$42,000?—A. That is a pretty good account.

Q. I supposed you would have liked to share that?—A. I would not have refused.

Q. You would have divided it in two to get a good proportion. Are you selling dearer than T. McAvity & Sons?—A. Not that I am aware of.

Q. What do you say?—A. We are selling at about the same average prices. I do not know what their prices are really.

Q. You are selling at wholesale prices?—A. Yes

Q. And if they are selling at retail prices they are selling dearer than you would have sold?—A. I don't know their prices, I cannot say about their prices at all.

Q. Well, can you explain how it is that you have sold so little? I see you are on the patronage list?—A. No, I cannot. I often tried to find out, but never could.

Q. You have been trying to find out but never succeeded?—A. No.

Q. Have you exchanged cheques with Mr. Harding at all?—A. No.

Q. Why not?—A. Well, he never asked me, for one thing, and I could not if he asked me, I have not power, I am only manager.

Q. I suppose it is well known the firm of Robertson & Co. are not in the business?—A. We are not.

Q. You would not like to start the practice?—A. I could not, my authority as manager would not permit me.

Q. However, whatever the cause or reason you are on the patronage list yet you sold very little, only about \$1,500?—A. Years before the way we sold was generally through tender. When manufacturing white lead and paint, we sold generally

through tender. We went out of that business. When manufacturing we generally tendered in the spring for the supplies to the lighthouses in most cases.

Q. You did not get any favours?—A. Yes, I don't think I got any favours. The tenders went to Ottawa as I understand it.

Q. But whenever tenders were not asked for you were not in it?—A. No.

Q. Did you have any business relations with some of the employees, outside of Mr. Harding I mean?—A. Not in connection with the department.

Q. I mean in connection with the department?—A. No.

Q. No, you would not.—A. Oh, when you say business relations, I have had business relations with some of them in connection with the Department of Marine and Fisheries.

Q. But you would not work at their houses and keep accounts back?—A. No.

Q. You are not in that line of business?—A. No, I am not in that line of business.

Q. That will do.

James ESTEY sworn.

By Mr. Perron:

Q. Mr. Estey, you are a merchant in St. John?—A. Yes sir.

Q. What is the line of your business?—A. Well, iron and steel and rubber goods

Q. Iron and steel and rubber goods. Who is your partner?—A. I am in the business for myself.

Q. Under the name of Estey & Co?—A. Estey & Co.

Q. You have your books here?—A. No, sir.

Q. Why not?—A. Well, I think you said the other day you would telephone and I would have the books if necessary.

Q. Well, you have an account with Mr. Harding in your books?—A. No sir.

Q. No.—A. No sir.

Q. What did you do with the goods you sold to him?—A. I didn't sell Mr. Harding any goods. We did business with the Marine Department of Canada under tender.

Q. Under tender?—A. Entirely contract.

Q. Those goods were sold only by tender?—A. Except by tender.

Q. What goods did you sell to the department?—A. Chain was the principal.

Q. Chain. And you always sold after tenders had been asked for?—A. And the contract being duly entered into.

Q. Have you the names of any of the employees of the department in your books?—A. No sir.

Q. Mr. Kelly?—A. No sir.

Q. No one?—A. No one whatever.

Q. How were the employees coming in then?—A. They didn't come in at all. Our business was with the Marine Department of Canada, and our orders came by mail as the case might be.

Q. Have you been exchanging cheques with Mr. Harding?—A. No sir.

Q. Or anyone else?—A. No sir.

Q. You never did any business with these people?—A. None whatever.

Q. Why?—A. Well, they never came to us, sir.

Q. I see, you missed a chance?—A. Well, we would be very pleased to do it on business principles with any of them.

Q. What do you call business principles?—A. Well, barter and sale, if they would come to my store and buy anything.

Q. And exchange cheques with a promise of giving orders?—A. No, we are not in that business, ours is a merchandise business.

Q. But if they had promised to give you orders or see you got orders later you would exchange cheques I suppose?—A. That never came before us.

Q. Never offered to you?—A. I don't think we would need to tender, because there was no necessity.

Q. But outside of tendering?—A. That might be a question entirely of morals.

Q. Yes. And your morals would not have permitted that?—A. I don't catch you.

Q. Your morals would have been against it?—A. Certainly, I should think so.

Q. You consider it would not have been the proper thing to do?—A. No, it would not.

Q. That is all right, Mr. Estey.—A. Do you want any more from me?

Q. I don't think so?—A. Thank you, sir.

CLARENCE B. ALLAN, sworn.

By Mr. Watson:

Q. Mr. Allan, you are in business here?—A. Yes, sir.

Q. What is your line of business?—A. General hardware, stoves, tinware, plumbing.

Q. General hardware?—A. Oh, I have a large line, a kind of general jobbing business, I do plumbing, pipe-fitting, I do lots of things.

Q. Yes.—A. I have mechanics working for me and I am a kind of mechanic myself, but I sell stoves, tinware and metal work would be my chief business.

Q. Then it is Mr. Allan of all trades?—A. Not exactly that, although I try to do everything that comes to me.

Q. And you have had quite a little to do with the Department of Marine and Fisheries?—A. Some.

Q. I see you have your name on the list here for about \$4,500?—A. No. What length of time.

Q. That is three years—A. Three years.

Q. What have you supplied to the department, Mr. Allan?—A. Well, I have men that I send out to do jobbing work, I make all kinds of tinware, galvanized iron tanks, oil cans, I do piping, plumbing repairs.

Q. Is that the same kind of piping we heard of before?—A. I haven't been here before. You mean by piping, gas-piping and steam-piping?

Q. I had not in my mind that kind of piping.—A. Oh.

Q. You send out men to do that work, do you?—A. Yes, sir. And then we do it in the shop too.

Q. You do it in the shop too?—A. Yes, I have workmen.

Q. I am trying to get to it, what kind of work you did for the time being?—A. For the time being?

Q. Yes.—A. Well, I supplied oil tanks, oil cans and lamps and work of that kind.

Q. Well, do you deal in those regularly?—A. Yes, sir, that is my business.

Q. Your business?—A. Yes, I carry them in stock.

Q. Do you mean you keep a stock on hand?—A. Yes, I do.

Q. And you sold them through Mr. Harding to the department?—A. The orders came through him.

Q. And you sold, of course, at the best prices you could get, that is right?—A. We sell such things as I sell ordinarily at general market prices.

Q. You sell at retail prices or above?—A. A good many things we sell at wholesale prices, oil cans and things of that kind.

Q. But a good many at retail prices and above retail prices?—A. No, sir.

Q. You would not take anything above retail prices?—A. I don't know. We get very little chance of that sort of thing.

Q. I see. Then, do you know about the lighthouses; did you have to do with those, the supplies for those?—A. Very little. I have sold some stoves and done some repairs like.

Q. Who is the man you met usually in connection with lighthouse matters?—A. The only men I have ever met in connection with lighthouse matters are Mr. Harding and Mr. Kelly.

Q. Mr. Harding and Mr. Kelly?—A. Mr. Harding principally.

Q. Mr. Kelly is the engineer, that comes through Mr. Kelly?—A. He is the inspector.

Q. And have you any account with him; did you furnish him any goods?—A. What do you mean, for the department?

Q. For himself?—A. No, sir.

Q. Look at your book, please, and see if you find his name on the list?—A. His account that I have sold Mr. Kelly? Oh, yes.

Q. I thought so?—A. You asked did I sell him. I think I have not sold Mr. Kelly a dollar's worth for four or five years.

Q. Just answer the question directly, and keep it straight?—A. Yes, sir.

Q. This is it?—A. Yes, sir.

Q. John Kelly?—A. Yes, sir.

Q. This goes down to May 29, 1903?—A. Yes, sir.

Q. How does the account stand now?—A. It stands just as you see it there.

Q. What is this about? Make it shorter?—A. That is settled, and this was a disputed account, Mr. Watson.

Q. The amount was \$73.65?—A. That was settled.

Q. How much is owing today?—A. He paid the whole thing; there it is there.

Q. The whole thing except what?—A. \$73.65 is all paid.

Q. What about the balance?—A. There is a small balance here which is in dispute.

Q. Don't make so many speeches; come right down to the point. \$73.66, is that the amount?—A. Mr. Kelly does not owe me anything.

Q. \$73.66 is here in the balance?—A. Yes.

Q. Has that been paid?—A. That has been paid.

Q. By error?—A. Yes, by a counterclaim. There was a dispute over that range; that range I sold to him, and it turned out very badly. He disputed the account. I never asked him for the repairs; there is the repairs put on it. I never—

Q. To repairs, \$4.67?—A. Yes.

Q. And then repairs, \$9.09?—A. There is the two jobs of repairs he disputed, and afterwards threw the range out and got another one.

Q. You seem to sell a very bad range?—A. I didn't make it, it was made in Ontario.

Q. No doubt you got it cheap, I suppose?—A. No, sir; I paid a pretty good price for it.

Q. Then we will follow up a little bit. That being so, you claim that his account is square, eh?—A. Yes, sir. I have not asked him for the money, and that was the reason.

Q. Then, who is the other man belonging to the department you had an account with?—A. Which do you mean?

Q. Well, the one you mean?—A. Well, the only other man that I have—well, in the department I might have accounts, but if you refer to Mr. Harding, the two men I mentioned—

Q. Give me the other man in the department you had an account with, the other one?—A. I had an account with Mr. Harding.

Q. Yes. Let us see that?—A. (Witness turns up account.)

Q. How does that account stand?—A. Just as it is there.

Q. Tell me how it stands—I don't know your book-keeping—how much does he owe you?—A. According to the book he owes me about \$69.

Q. \$69 according to the book?—A. Yes.

Q. How long has he been owing you that \$63?—A. It is a running account.

Q. How long has he been owing you that?—A. The whole thing is ten years; it amounts to that much in ten years.

Q. That much in ten years. So that it has never been paid, but has been running along unpaid for ten years. That is the way, is it?—A. Yes, sir.

Q. Evidently you don't come from Ontario. So you have been letting the account run in that way for ten years—A. Yes sir.

Q. Well, that is pretty generous treatment?—A. It is very small, about \$5 a year, Mr. Watson.

Q. \$63.—A. \$6 a year.

Q. So if a man only buys \$5 worth from you in a year, it is all right, you don't ask him to pay a small thing like that?—A. It depends on the man.

Q. And it depends on what you get from the man, what comes in the other way, a little bit?—A. That might have something to do with it.

Q. That might have something to do with it, I see. And during all this time you were getting orders from Mr. Harding?—A. Yes.

Q. And you can easily put one and one together?—A. We were always glad to get them.

Q. And because you were getting these orders from Mr. Harding, that is from the department, you let the account run on. That is it, plain and straight?—A. That is one way of putting it.

Q. That is the truthful way of putting it?—A. Well, I considered it a very small matter.

Q. You considered that a very small matter, I see. \$63 during that time?—A. Ten years, Mr. Watson, and the last five years I think it amounts to \$20.

Q. I understand that business was business with you?—A. Yes sir, business is business. We pay larger commissions than that.

By Hon. Mr. Cassels:

Q. What is that answer, pay larger commissions than that?—A. I—

Q. I want to get your phrase. You said, 'We pay larger commissions than that.' That is your phrase?—A. I did not mean that. As business men we send out travellers, but I didn't look upon it that way.

Mr. WATSON.—Each man only has to speak for himself.

Q. This was a small commission allowance to Mr. Harding?—A. It seemed a very small thing to me, I don't think much about it one way or the other.

Q. Have you got any other account of \$63 that way running on and where you did not ask for the money?—A. We lose a great deal every year.

Q. I should think you would. Then on the other hand you gained a great deal? A. I don't know, I don't understand the drift.

Q. Well, you have been letting a small account of \$63 stand, but you have been getting orders in to the amount of \$4,500 from Mr. Harding?—A. For a number of years.

Q. For three years; and you have been getting good prices?—A. Market prices.

Q. Market prices; no tender, no competition?—A. Yes sir, in some cases.

Q. Competing perhaps with Messrs McAvity & Sons?—A. I don't know. They don't tell us who our competitors are; we have to furnish prices.

Q. Well, that is the condition of affairs with Mr. Harding. Then how else was he favoured?—A. In no other way.

Q. Cheques?—A. No sir.

Q. Cheques for cash?—A. No sir.

Q. Haven't you got that far yet?—A. No sir, none of that.

Q. You don't know that rule?—A. No sir.

Q. Then no request for an advance on a cheque?—A. No sir, except in one case.

Q. I see. I thought we would come to it. Except in one case; when was that?—A. Sometime ago probably.

Q. How much was that cheque?—A. He didn't get it, I didn't give any cheque. You said request.

Q. I did say request.—A. I have never done that, Mr. Watson.

Q. What request did he make of you?—A. He asked me for a loan.

Q. Of how much?—A. I am not sure, but I think it was \$300, I would not be sure, and no explanations as to whether for personal or departmental business.

Q. I see, no explanations. You thought it might be from the department?—A. I did not know. I didn't ask any questions. I was not in a position to make the loan and did not make it.

Q. That was the only request and the last one?—A. Yes.

Q. Then what other form did it take?—A. It never took any form with me.

Q. Any presents?—A. No.

Q. Is there not anything in your shop?—A. No, only what he got there, a little piece of pipe soldered or stove back, that is only what he got from me, little trifles around his house.

Q. Yes, things about his house you might do in consideration of other favours?—A. I have done it for other people elsewhere. That is the way you put it.

Q. Is that the way you put it?—A. Perhaps that would be the right way.

Q. I should think so. You have had considerable to do with the lighthouses?—A. No, sir, not much except—

Q. You are a keeper of stores in St. John?—A. No, sir.

Q. That is, you keep a store house here?—A. I keep a shop where I carry a stock, I am in business.

Q. Then do you know of Mr. Harding using the departmental stores for his own purposes?—A. No, sir, I do not.

Q. What?—A. I have no knowledge.

Q. Did he do so?—A. I couldn't say, I have no knowledge.

Q. Are there departmental stores?—A. I have no knowledge of anything of the kind.

Q. Are there departmental stores here?—A. Yes, sir.

Q. Do you know what use is made of them?—A. To store goods.

Q. To store goods, I see.—A. Yes, sir.

Q. So that the stores are there and the purchases may be made?—A. Delivered there.

Q. And there is room to hold a large quantity of goods?—A. Yes, sir.

Q. So that goods may be purchased wholesale and stored there for use as may be required from time to time, that is right?—A. Yes, sir.

Q. No necessity therefore for retail purchases, the storehouse accommodation is there?—A. Yes, I should think there is some there. I don't know whether sufficient or not; it is very limited.

Q. Now then, have you a brother, Thomas Allan?—A. Yes, sir.

Q. A machinist?—A. Yes, sir.

Q. He did repairs on Mr. Harding's steam yacht, did he?—A. I don't know. I believe he did once.

Q. You believe he did?—A. I have no knowledge of anything connected with that.

Q. And do you know whether or not that was done at the government's expense?—A. I couldn't say. He hired him himself.

Q. Is Mr. Thomas Allan here?—A. He is in the city.

Q. What is his address?—A. St. John, west.

By Mr. Perron :

Q. What number?—A. I couldn't tell you.

By Mr. Watson :

Q. You knew that was done for Mr. Harding personally?—A. I only knew that the work was on the boat, I don't know anything further about it than that, Mr. Watson, I didn't know who owned the boat. I supposed the government owned the boat.

Q. You know that steam yacht?—A. Yes.

Q. That steam yacht is worth how much?—A. \$1,400 to \$1,500. It is not steam it is gasoline.

Q. I was informed last evening here in this city that including the fittings, it cost \$10,000?—A. I couldn't say how much was spent on it. I am speaking about the boat. I don't know about the fittings. I don't know what he has in connection with her, but I always thought the boat belonged to the department.

Q. I see. Then did you supply to the lighthouses, did you supply goods for the lighthouses?—A. Oh yes, I think I supplied goods.

Q. To a considerable extent?—A. Yes, off and on.

Q. You do know as a fact that supplies to the lighthouses are said to have been excessive, exceedingly excessive?—A. I don't know sir.

Q. You don't know?—A. No.

Q. Have you any knowledge of that at all?—A. No, sir, I have no knowledge.

Q. Who has had to do in an official way with the procuring of those supplies?—A. Mr. Harding principally.

Q. Mr. Harding?—A. Yes sir.

Q. And what official under him?—A. No other:

Q. No other?—A. No sir.

Q. Thank you. I am obliged to you. I think you came to it fairly well.

MICHAEL DONOVAN, sworn.

By Mr. Watson:

Q. Mr. Donovan, what is your line of business?—A. I am in the meat business, sir.

Q. What?—A. In the meat business.

Q. The meat business?—A. Yes.

Q. Oh, I see, you are a wholesale butcher?—A. Wholesale and retail.

Q. Wholesale and retail?—A. Every branch.

Q. I see. What has the department to do with meat?—A. The department.

Q. The Department of Marine and Fisheries. Do you sell meat to them?—A. I have sold meat to them, yes sir.

Q. I see the account that you have, Mr. Donovan, is quite a good one of \$2,600. That would buy a good lot of meat I should think?—A. Yes, sir.

Q. That is three years, not all in one year, I see.—A. No.

Q. Are you wholesale or retail—retail?—A. I retail. At present retail and wholesale, we retail and wholesale both.

Q. We retail and wholesale both. Is somebody associated with you in the business?—A. No sir, alone, my son and I.

Q. Are you the largest dealer in town?—A. Not by any means, I am only a small dealer.

Q. You are the only one on the list for that line?—A. I don't think it.

Q. You don't think there is anyone else?—A. I don't think I am the only one.

Q. Who else is there then?—A. There is my friend Timothy Donovan.

Q. That is your brother, is it?—A. No.

Q. Your friend Timothy. And who else?—A. There are several.

Q. Is Timothy a larger dealer than you?—A. That I couldn't say.

Q. I mean not with the department, but has he a larger output than you?—A. Yes.

Q. Well, you have the start of him. I see his orders only amount to \$500 for three years, and yours are \$2,600?—A. Yes.

Q. You left Timothy behind that time?—A. I had it all for one year myself, a year and a half.

Q. I see. And you get the orders from Mr. Harding?—A. Yes, sir.

Q. Telephone orders and the like?—A. No, they were mostly brought to the shop.

Q. Mostly brought to the shop?—A. Yes.

Q. By some of the employees?—A. Yes.

Q. And you furnished the meat to the ships or what?—A. To the ships at the ballast wharf.

Q. You sent them down to the wharf?—A. Yes.

Q. What kind was it?—A. Oh, it was principally beaf, fresh beef and a little pork.

Q. And you sold at good prices, as good as you could get?—A. We hadn't any making of prices at any time for ourselves, except by contract.

Q. Had you written contracts?—A. I had one.

Q. One?—A. I had two. I had one, and then a six months' contract afterwards.

Q. You had one contract?—A. Yes.

Q. How many years ago was that?—A. That was '96 and '97.

Q. 1896 and 1897?—A. 1906 and 7.

Q. Then you had a contract. Was that signed by the Minister or by Mr. Harding?—A. I could not exactly say.

Q. You made the bargain with Mr. Harding?—A. I didn't make any bargain with Mr. Harding sir.

Q. With whom did you make that bargain?—A. It came in the form of a request or requisition to tender for supplies on a paper, and I tendered on invitation to tender.

Q. And you got it, and that was good for six months?—A. Good for twelve months, and another for six.

Q. So that 18 months out of the time you were under contract arising from tender?—A. Yes.

Q. And the rest of the time you had a free hand?—A. No. We had the prices marked on the requisition paper.

Q. But what about when they came by telephone, how were the prices marked then?—A. They hardly ever come by telephone, at the time I didn't have a telephone.

Q. I see. You may have used the Marconi system. Well then you sold at good retail prices I suppose?—A. We sold at wholesale prices, that beef to them boats.

Q. That is when you were under contract by tender?—A. And otherwise.

Q. But otherwise when you were not under contract by tender you got a little more?—A. We had specified, marked in the requisition opposite the meat order a price of 8 cents a pound always in them requisitions, we couldn't go above that.

Q. That is first rate. Now, Mr. Donovan, when you were not under contract arising from tender, in those cases you got a little more?—A. Certainly.

Q. And then it was a matter of 2 or 3 cents a pound more I suppose?—A. No, not that much, about a cent.

Q. Not so much, that is right, some more but not so much. And then those contracts not by tender, those orders came from Mr. Harding?—A. Yes.

Q. And that is the time you get some more?—A. Yes.

Q. That is right. And Mr. Harding had his personal account there too with you?—A. No, sir.

Q. Did he not?—A. No sir, not any.

Q. Eh?—A. Not any.

Q. Then did you sign cheques?—A. I signed no cheques, I had no cheques at all.

Q. Eh?—A. I had no business with cheques except the cheques I got in payment of the goods from the Department.

Q. Don't be angry at me?—A. No, sir.

Q. At all events, Mr. Donovan, what did you say when he asked you to exchange cheques, if he did?—A. He never did.

Q. Didn't he?—A. No, sir.

Q. How did you do it?—A. Do what, I don't understand that.

Q. What benefits did he get, how did he get something out of it, Mr. Harding?
- A. He got nothing out of it that I ever knew.

Q. No?—A. No, sir. I didn't know anything about his business any more than getting the order from him.

Q. I see. You did not furnish him with anything?—A. No, sir.

Q. Not at all, eh?—A. No, sir.

Q. Eh?—A. I furnished the man with nothing in consideration of business.

Q. Not in consideration of business?—A. No.

Q. But leaving out consideration of business, you know?—A. Well, I sent Mr. Harding a turkey on Christmas Eve in 1907.

Q. Yes, go on. How many turkeys?—A. That was all.

Q. Eh?—A. That was all.

Q. That was all eh, nothing else?—A. Nothing else.

Q. What else, something else came in, a little bit now and then?—A. Nothing in my business.

Q. Whose business was it?—A. That is in my business with him or with the department?

Q. Well, what other way was there, was there any other way in which you made a recognition of his kindness to you?—A. No, no other way at all, the man never received anything from me.

Q. That is what you say. Then what about the other officials you had to do with, who came for the goods?—A. The steward generally brought the order.

Q. What is his name?—A. Delay.

Q. Who is the other man?—A. The other man—I have come in contact with no man in the goods arrangement except that steward and his cook that used to take charge of the goods.

Q. The steward and the cook?—A. At the wharf.

Q. Yes. What is the cook's name?—A. Sullivan, I think.

Q. How much did Delay get from you now and then?—A. He would get a dollar once in a while just from myself.

Q. Just from yourself, of course. And the cook?—A. 25 to 50 cents for taking the meat aboard.

Q. Not so much?—A. He took it on board at low water. I didn't want to take it down, and he came and took it aboard.

Q. Then I suppose the dollar would furnish goods every few days?—A. He came across the harbour with the order, and he intimated to me time and again he had to pay car fare and had to do a good deal of travelling.

Q. And did you know he was being paid for his services by the department?—A. I supposed he was.

Q. And you thought you would add to it?—A. Not in consideration of business, he had nothing to give, not a cent's worth.

Q. It was just the same giving him as anybody else?—A. Yes.

Q. So whenever you gave him a dollar that would be for a few days?—A. No.

Q. How often, once a week?—A. No, sometimes once a fortnight, maybe once a month.

Q. So he was a dollar in once a fortnight, and sometimes only got it once a month?—A. Yes, from me.

Q. From you. How many would he get from the others?—A. I don't know.

Q. What did he tell you about that?—A. He didn't tell me about that.

Q. You never asked him?—A. He never asked me.

Q. He got quite a helping now and then?—A. And the cook, didn't you rise a little bit for him sometimes?—A. The cook?

Q. Yes.—A. No.

Q. You kept it down to 25 cents?—A. It was only now and again, it was not continual at all.

Q. We won't continue about that. Then what about the higher officials, that is what we are at?—A. I know nothing about them.

Q. The engineers?—A. I had nothing to do with them people.

Q. You know Mr. Schmidt?—A. Mr. Schmidt never had any business with me.

Q. None of them, eh?—A. No.

Q. I see. And that is the way it is with you, eh?—A. Yes, sir.

Q. And you got your money from Mr. Harding?—A. I got my money by cheque.

Q. By cheque from Mr. Harding?—A. I suppose so.

Q. You suppose so. It was Mr. Harding's cheque that was given to you, was it?—A. I never stopped to look to examine the cheque closely. I don't think Mr. Harding's name was to the cheques. I think they come up—

Q. They came up from Ottawa, from the department?—A. Yes, sir.

Q. That is what you think?—A. I think so.

Q. Well, you have been quite favoured, you have not given much back apparently. Then you state, in connection with those matters, that leaving out the little things you have referred to your transactions have been, I understand you to say, honest, manly and fair on your part?—A. Yes, sir.

Q. As an honest citizen?—Yes, sir.

Q. Thank you.

By Mr. Teed:.

Q. Just one question or two, Mr. Donovan. In regard to these requisitions for meat, after the expiration of your contract prices those requisitions were from Mr. Harding, were they?—A. Yes, sir.

Q. Now, your contracts were in 1905 and 1906, if I recall what you said?—A. In 1906 and 1907, I think.

By Hon. Mr. Cassels :

Q. 1906 and 1907?—A. 18 months.

By Mr. Teed :

Q. Is it not the fact that the prices of meat have risen during the last two or three years?—A. It is a fact.

Q. It is true?—A. Yes.

Q. Meats were higher in this town in 1907 and 1908 than in 1904, 1905 and 1906?—A. Yes. Apart from the contract, if I got an order from Mr. Harding that there was no price stated, I charged a profit, the fair market price that was going.

Q. Now, you said these requisitions were upon a price of \$8 a hundred or 8 cents a pound, was that excessive?—A. No, it was a middling low price.

Q. Well, from my experience in buying meat it is pretty low.—A. Yes.

Q. You would be selling by the side or quarter?—A. By the side or carcase to the *Lansdowne*.

Mr. WATSON.—I do not know whether my learned friend Mr. Teed desires to put his client in the witness box. I have been informed, my lord, that Mr. Harding is not in a very strong condition, in fact is in rather an ill condition. By reason of that circumstance I have hesitated to put him in. The evidence is out as it exists. If my learned friend desires to put him in I would like him to be good enough to do so.

Mr. TEED.—Have you finished with the others?

Mr. WATSON.—Practically. There are some other matters. If he is going to be put in, I would like him to be put in now.

Mr. TEED.—Before Mr. McAvity's evidence is completed?

Mr. WATSON.—Yes, if you intend to put him in.

Mr. TEED.—I am in an unfortunate position. From the scanty information I have had of Mr. Harding's health I hesitate to put him on the stand with the ordeal of cross-examination to follow. At the same time, at this moment, unless I am compelled to do so, I would prefer not to decide.

Mr. WATSON.—It is for you to decide, please.

Mr. TEED.—I would like very much to have an opportunity of seeing his medical man. I am in an exceedingly awkward position with regard to it.

Hon. Mr. CASSELS.—Have you other witnesses, Mr. Watson?

Mr. WATSON.—We have a few others, but it is necessary to have it known now whether he is going to be put on the stand or whether he is not.

Hon. Mr. CASSELS.—I understand the position of the matter is this, that if Mr. Teed is going to call him he would not call him at present, and that you propose not to call him if Mr. Teed does not, you do not wish to take the responsibility?

Mr. WATSON.—That is my position, exactly, my lord. As I have indicated, I have been informed by Mr. Harding himself that he was not well, and his brother waited upon me last evening and said he was ill and there was some danger—. There might be some danger attending on his giving evidence. That carries with it a great deal of responsibility. The evidence is already before the court, and I do not conceive it necessary to proceed further unless we have to.

Hon. Mr. CASSELS.—The privilege of giving evidence is a privilege given to your client if you think it is proper to avail yourself of it.

Mr. TEED.—It is one I should not hesitate to avail myself of except for his physical and I may say his mental condition. I do not feel at this moment like taking the responsibility, although if I had an opportunity of conferring with those more familiar with his condition I might avail myself of the opportunity to put him in the box.

Mr. WATSON.—You can see by five o'clock.

Mr. TEED.—It is five o'clock now.

(After conferring with his client).

In view of everything I will not take the responsibility of calling my client, my lord, that is in view of his condition.

Mr. WATSON.—Then I will call Mr. Fleming.

George W. FLEMING sworn.

By Mr. Watson:

Q. Who are you?—A. The firm's name is James Fleming.

Q. I want James Fleming?—A. James Fleming is the name of my father; he is dead.

Q. Mr. Fleming you represent the James Fleming business?—A. Yes sir.

Q. And you also represent the Phoenix Foundry and Locomotive Works?—A. That is just another name for the firm.

Q. Then you are continuing the business of your late father James Fleming?—A. Yes sir.

Q. What is that business?—A. Engineers.

Q. Engineers?—A. That is building machinery and boilers.

Q. Building machinery and boilers?—A. Doing repair work.

Q. Yes. Is that the same as the St. John Iron Works?—A. Practically the same.

Q. And the same as T. McAvity & Sons?—A. Altogether different from theirs, they are altogether brass works.

Q. They are altogether brass works?—A. Yes, principally brass works.

Q. I see. Then the Phoenix Foundry and Locomotive Works is the same?—A. Just the same.

Q. And your transactions have been very large, apparently \$20,000 to \$25,000 during the three years?—A. No, \$13,000 I think it was.

Q. That is for the Phoenix Foundry and Locomotive Works. Then James Fleming in that name, \$7,182?—A. Oh no, that is an error there.

Q. You think that is an error?—A. Yes.

Q. Then you have done repairs to what?—A. The *Lansdowne*—well, in those years the only repairs were the *Curlew* and some slight repairs on the *Lansdowne*; the bulk of it is contract work.

Q. The slight repairs run up well?—A. Well, the total amount of work we done in those years was \$13,000, of which \$11,000 was contract.

Q. Contract for what purposes?—A. New boilers and tanks for the *Lansdowne*.

Q. All for the *Lansdowne*?—A. Yes

Q. You mean to say then you did \$11,000 worth of work for the *Lansdowne*?—

A. Yes sir.

Q. How long has that ship been afloat?—A. I don't know, probably 30 or 40 years. but new boilers are expensive.

Q. Yes, apparently.—A. They are big boilers.

Q. And entirely new boilers were put in?—A. Yes sir.

Q. 1907?—A. No, 1904 I think it was.

Q. 1904 new boilers were put in at a cost of \$11,000?—A. The boilers and the tanks.

Q. For that ship alone?—A. The boilers were \$9,000 and the tanks \$2,000.

Q. And how many years before had the boilers been put in, do you not know?—A. No, probably 15 years.

Q. And was that contract in writing, signed by the minister?—A. Yes sir.

Q. Let me see it please. The first contract we have seen since we got here. This is the contract for the—A. Boilers, \$8,820.

Q. That is for the boilers?—A. This is the tank contract; this is the only one we have, this memorandum.

Q. This is the contract made the 1st of April, 1893?—A. 1903.

Q. 1903?—A. This is the only memorandum I have of the tank contract.

Q. Then you had another memorandum not signed, except signed by yourselves; not signed by the minister or the department?—A. No.

Q. This made up the balance of \$11,000?—A. Yes, sir.

Q. Then, were there ever any tenders before this contract was signed?—A. Yes, sir.

Q. Sure?—A. Yes, sir.

Q. Who else tendered?—A. I don't know.

Q. You did not hear about it?—A. No.

Q. Then, what commission came out of this contract?—A. Absolutely nothing.

Q. Eh?—A. Absolutely nothing.

Q. What did Mr. Harding have to do, if anything, with the making of this contract?—A. He had nothing whatever to do with it.

Q. Did he make any recommendation?—A. No, sir.

Q. To your knowledge?—A. No, sir.

Q. Did any engineer make any recommendation to your knowledge as to the necessity of the work being done?—A. Well, the engineer in connection with that work was Mr. Douglas Stephens, of Halifax, who is dead.

Q. Mr. Stephens is not now in Halifax?—A. He died some years ago.

Q. It was he, I understand then, probably made the recommendation?—A. He drew the plans and made the specifications.

Q. I see. Then we may let him rest. Any other engineer?—A. No engineer would have anything to do with that contract except Mr. Stephens.

Q. Then, what other officials under the engineer had to do with the matter?—A. With that?

Q. Yes?—A. Well, the engineer on the boat was Mr. Clark.

Q. Mr. Clark?—A. Yes.

Q. And what other officials, who else?—A. Mr. Clark would be the only one.

Q. Well, he could not be the only one with a large transaction like that, surely. Who else came around about?—A. Mr. Stephens inspected the boiler while building.

Q. I know. Leave out Mr. Stephens. Mr. Clark, who else; some other under officials not so high up?—A. No others.

Q. Some higher up; was Mr. Schmidt around?—A. He had absolutely nothing to do with that.

Q. Was he around?—A. No, sir.

Q. Mr. McConkey or any other inspectors?—A. No, sir.

Q. Did you have any interviews with Mr. Clark; did any communications take place between you and him as to matters of compensation, or rather matters of remembrance?—A. I can say positively we never gave Mr. Clark anything; he never asked.

Q. You emphasize that about Mr. Clark?—A. Yes; or any official of the Marine and Fisheries, high or low. We have never given a dollar present of any kind to any official of the Marine Department, high or low.

Q. High or low, from the beginning to the end?—A. From an official, speaking like that there man, like Mr. Harding, down to the engineer of the steamer, we gave absolutely—

Q. Down to the engineer?—A. Or below that. Any degree at all.

Q. Or below that?—A. Yes.

Q. That is, from Mr. Harding down?—A. Or you may name them higher up.

Q. Did you go to Ottawa?—A. No.

Q. Did you have any communications with the Ottawa officials?—A. No, the plans were sent here.

Q. Did you have trouble in getting your accounts passed?—A. No, sir.

Q. Eh?—A. No, sir.

Q. Nothing to any one?—A. Nothing to any one.

Q. Do you speak emphatically?—A. I know whereof I speak.

Q. I see, it is nearly Sunday. Then do you know anything about the light-houses?—A. No, sir. We had nothing to do with the lighthouses.

Q. You spoke of this contract and the work in connection with it. What about the balance of the account?—A. The bulk of the other work was on the *Curlew*, repair jobs on the *Curlew*.

Q. Yes. And did anybody come in there for a little token or remembrance, something of that kind?—A. Absolutely nothing.

Q. Well, what was the matter?—A. I don't know.

Hon. Mr. Cassels:

Q. I understand you never lent any money?—A. I never lent a dollar, I was never asked.

Q. Neither accommodation nor anything else?—A. No, sir, I never did. Do you want the books, Mr. Watson?

By Mr. Watson:

Q. You are entitled to the books.—A. Do you want to keep those papers?

Mr. WATSON.—No.

HENRY HILLIARD, sworn.

By Mr. Perron:

Q. You are in the lumber business?—A. Yes, sir.

Q. Alone or in partnership?—A. Partnership.

Q. Who are your partners?—A. My brother.

Q. His first name?—A. Thomas R.

Q. You have been selling to the Department of Marine and Fisheries?—A. Yes, we have.

Q. To quite a large amount?—A. Yes, sir.

Q. No tender?—A. By soliciting prices.

Q. Yes. You went to Mr. Harding?—A. No, sir

Q. To whom?—A. I presume it was the representative of the office came to us.

Q. Who is he?—A. Mr. McLaughlin, I think it was.

Q. Mr. McLaughlin?—A. The foreman taking charge of the works.

Q. An employee of the Marine and Fisheries Department?—A. Yes.

Q. Do you know him?—A. Just a labouring man.

Q. Did he have an order from Mr. Harding?—A. He always brought an order to us.

Q. Now, you are aware you sold for about \$9,000 worth during those three years?

—A. I did not make up the amount.

Q. It was about that?—A. I think so.

Q. Are you wholesale dealers or retail?—A. Both.

Q. And how much above retail prices did you charge the department?—A. Just what ordinary prices we charge, we charged them nothing excessive.

Q. But how much above retail?—A. Above retail, well those were retail prices.

Q. How much above retail prices?—A. None.

Q. Fifteen per cent?—A. None.

Q. Ordinary retail prices?—A. Ordinary.

Q. For \$8,000 now?—A. It was not all lumber.

Q. What was it besides?—A. We have what are called repair blocks, they bring the vessels over there and put the blocks on for repairing.

Q. But you had a large quantity of lumber?—A. No, not very large.

Q. \$6,000 or \$7,000 worth?—A. No, I think \$4,000.

Q. \$4,000 of lumber at retail prices?—A. Yes.

Q. What is the difference between retail and wholesale prices?—A. It depends on the market.

Q. Here in St. John?—A. It depends on the market.

Q. Twenty-five per cent?—A. Not so much as that.

Q. Twenty per cent?—A. No. That is about the price we charge for the whole.

Q. Twenty per cent?—A. About \$20 a thousand.

Q. But I mean what is the difference of percentage between wholesale and retail?

—A. There is none.

Q. No difference?—A. None whatever.

Q. Between wholesale and retail?—A. Yes, there is.

Q. That is what I want to know.—A. You asked the wholesale prices.

Q. No, the difference between wholesale and retail?—A. The best trade you can make.

Q. That is not quite an answer. 25 per cent?—A. Sometimes that, sometimes more.

Q. Sometimes 40?—A. I wouldn't say like that. We would be rich if we got that.

Q. Do you reach 35 per cent?—A. No, sir.

Q. 30 per cent?—A. No, sir.

Q. 25 per cent?—A. I presume in some cases it might be, it might be less.

Q. We will say from 20 to 25 per cent to come to an agreement?—A. We will say 10 to 25 per cent

Q. And you say in all cases you got retail prices?—A. I presume I did.

Q. Now, have you an account in your book?—A. I have.

Q. In the name of Mr. Harding?—A. None whatever.

Q. Have you sold him goods?—A. None whatever.

Q. Exchanged cheques with him?—A. None whatever.

Q. No exchange?—A. None whatever.

Q. No gifts?—A. None whatever.

Q. No transactions whatever?—A. None whatever.

Q. What about the other officials and employees of the Department?—A. None whatever.

Q. With nobody, no one?—A. No, sir.

Q. And you did not give any presents?—A. No, sir, nor commissions.

Q. Not any at all?—A. No, sir.

Q. No money loaned?—A. No, sir.

Q. You are most sure?—A. Positive sir.

By Mr. Watson:

Q. Where does it come in?—A. How do you mean?

By Mr. Perron:

Q. Nothing for anybody?—A. No. We render our bills and expect payment for them.

Q. That will do, sir.

JOSEPH A. LIKELY, sworn.

By Mr. Perron:

Q. You are a coal dealer, coal and wood?—A. Yes, sir.

Q. In St. John?—A. In St. John.

Q. Coal and wood?—A. Coal and wood.

Q. Is that your only trade?—A. That is all.

Q. Wholesale or retail?—A. Wholesale.

Q. Wholesale pure and simple, no retail?—A. Well, retail for timber a little.

Q. But not for coal?—A. No.

Q. You are competing with the other coal firms here in St. John, there must be quite a lot of them?—A. We sell to the trade.

Q. Vroom & Arnold?—A. No.

Q. Not in the same line of business?—A. Not to-day; we sell to the retail trade.

Q. They do not sell to the retail?—A. No. We sell to the other firms that retail coal.

Q. Now, you have sold coal to the Department?—A. Yes.

Q. \$8,000 in three years?—A. In one year.

Q. Oh, is that only one year?—A. Yes.

Q. What year is that?—A. 1904.

Q. Who gave you the order?—A. We tendered for it and got it from the Deputy Minister of Marine.

Q. A contract signed by the Minister?—A. A contract signed by the Minister.

Q. After tenders being asked for?—A. After tenders being asked for.

Q. You got a small profit then?—A. Some profit, yes.

Q. Very small?—A. Yes, fair, a fair profit.

Q. How many tenders had you put in before you got this contract?—A. One tender.

Q. Did you amend your tender?—A. No.

.. Q. Not amended?—A. No.

Q. What was the first tender?—A. We only had one tender.

Q. Did you get the contract at the price you tendered for?—A. Yes.

Q. Are you sure the tender was not amended?—A. Sure.

Q. Any exchange of cheques or money loans to Mr. Harding?—A. No, none whatever.

Q. Did you sell him coal?—A. None whatever; we only sold to the department.

Q. No transactions with any one of the employees or the officials?—A. None whatever.

Q. Nobody came in there?—A. Nobody came or asked me for anything, and I didn't give anything.

Q. That is right.

By Hon. Mr. Cassels :

Q. What is the quantity of coal ?—A. I think it was something like a thousand tons we sold for the lighthouses that year.

Q. Where was your coal delivered ?—A. To the different lighthouses. We have a list here if you like to see it.

Q. But on this particular contract ?—A. Probably 7, 8 or ten different lighthouses.

Q. So the price was including the delivery by your firm ?—A. Yes, your honour, including delivery.

Q. What was the rate per ton ?—A. I think it was \$7.50.

Mr. PERRON.—\$7.25.

By Hon. Mr. Cassels :

Q. Is that the retail or wholesale price ?—A. That is the wholesale price your honour.

By Mr. Watson :

Q. That was including delivery, \$7.25 ?—A. To the different lighthouses.

By Mr. Perron :

Q. Now, we come to it, did you see the delivery to the lighthouses ?—A. No.

Q. You were not there ?—A. I chartered schooners to deliver it.

Q. Is it not a fact that in most cases more coal than necessary was delivered to the lighthouses, more coal than they could use ?—A. That could not be the case in this transaction, because we were to deliver a certain quantity and we delivered that quantity.

Q. I know. But who fixed the quantity ?—A. The Marine Department.

Q. That is Mr. Harding ?—A. I really don't know who fixed it. I think it came from Ottawa, I am not sure it came from Ottawa, but they asked me to compete on it.

Q. I am informed more coal than was necessary was delivered to these lighthouses ?—A. If that is the case I don't know anything about it. I have the receipt from the lighthouse keeper.

Q. I know. But you did not see all the coal you delivered or whether more was delivered than could be used ?—A. I could not say about that.

Q. That is all.

JOHN A. McAVITY, recalled.

By Mr. Watson :

Q. Now then, Mr. McAvity, have you looked up the accounts in your books with the different officers and employees of the department ?—A. Yes, sir.

Q. You have done so ?—A. Yes.

Q. What have you got there in your hand ? Let me see it please. You have got the names of five here. Mr. Bissett, how does his account stand ?—A. I can easily tell the amount.

Q. Page 79. How much was it ?—A. It was—that is all he owes now.

Q. How much was the account. Here is \$123.72 at the top ?—A. Yes.

Q. Well, there is a balance of \$123.72, and I do not see that that is paid ?—A. Yes, it is paid here. You will find that in the cash, December 9.

Q. There is the entry ?—A. Here in the cash-book, December 9.

Q. Where is the balance now, what is this mark in red ink for ?

The BOOK-KEEPER.—That is where credited.

Q. You credit him in black ink ?

The BOOK-KEEPER.—I beg your pardon. That is the way we do credit him. It keeps it clean.

Q. Then according to what you say, Mr. McAvity, speaking for yourself you tell us this account is square?—A. Yes.

Q. Squared up in October?—A. Squared except for 25 cents.

Q. That is all right. Squared in October, 1908?—A. Yes, sir.

Q. Then did Captain Bissett get goods at a little less price?—A. No, sir.

Q. How do you know?—A. I know he did not.

Q. How do you know?—A. Because I know.

Q. I am asking you how you know. Do you know what goods he got?—A. Yes, sir.

Q. What goods did he get?—A. Plumbing goods.

Q. Did you sell them to him?—A. I know of them being sold to him, sir.

Q. Yes. And did you know the prices?—A. At the wholesale prices he got them.

Q. Wholesale prices?—A. Yes.

Q. He was a little better off than the department, the department paid retail prices?—A. The department paid wholesale prices.

Mr. TEED.—In many places he said wholesale and small ones retail.

By Mr. Watson:

Q. I see. That was paid up you say at all events?—A. Yes, sir.

Q. Then what else did you have to do with the captain?—A. Nothing else.

Q. Nothing else?—A. No, sir.

Q. Then there is Mr. Kelly, page 25?—A. Yes, sir.

Q. What Kelly is that?—A. John Kelly.

Q. John Kelly, inspector of lights, page 25. Is Mr. Kelly's name not in this book?—A. No, sir.

Q. Oh, this is a different letter?—A. Yes.

Q. How does that stand, do you know?—A. I can see, sir.

Q. John Kelly?—A. \$21.20.

Q. Against him?—A. Yes, sir.

Q. How long has that been standing?—A. 1907.

Q. November, 1907?—A. Yes, sir, billed on those dates.

Q. Yes, to bills rendered. Still standing at that, and that balance was carried forward from that time, so there has been a balance standing against him for a year, perhaps more. How long has it been standing against him?—A. In 1906.

Q. It commenced in July, 1903. I see there was a payment made in March, 1907?—A. Correct.

Q. And the balance has been carried forward practically from that time?—A. Yes.

Q. March, 1907?—A. Yes, sir.

Q. And why did you not get that?—A. Well, we asked for it, bills were rendered.

Q. Then Mrs. Kelly, how does that come, is that Mrs. John Kelly?—A. That is Mrs. Kelly, Mrs. John Kelly.

Q. How do you happen to have an account for him and an account for her?—A. She has property in the north end.

Q. Bless my soul! I suppose they live together. Some stove or furnace, where is it, \$48. How much is that account standing against her, \$83?—A. Yes. She paid \$100.

Q. Yes. Standing at \$83. How long has that been standing?—A. Mr. Costa can explain it.

Q. We will see from this. This is from May 30th, 1907. I see there is a balance standing there of \$83, apparently most of that is from about that date, April and May, 1907?—A. How can you account for having a separate account against Mrs. Susan Kelly? That is the same address, 314 Rockland Road, the same address as John Kelly?—A. That was on the book there.

Q. How do you account for making that distinction between man and wife?—A. She has property of her own in the north end.

Q. Well, lots of laides have property of their own. You cannot account for that?—A. No, I cannot account for it.

Q. I see. Then you let her off a little easy on the prices, of course?—A. No, sir, we did not.

Q. You do not know about that?—A. I do not know.

Q. There may be some little advantages there?—A. There possibly might. I don't think so.

Q. Then where is Mr. Morris, page 129, how does his account stand?—A. He had paid up sir.

Q. \$9.94, when did he pay up, that is very fresh, November 2nd?—A. November 2nd.

Q. That is this November. Well, it was not very much, \$9.94. How much was the discount there?—A. There was no discount there.

Q. How much discount was allowed to the others?—A. To the others?

Q. Do you know personally?—A. No, I do not.

Q. You do not know how much discount was allowed. You would expect to allow some discount?—A. Yes; possibly we gave them a wholesale price.

Q. Possibly you gave them a wholesale price. That is by reason of being in the department?—A. Yes, sir.

Q. Yes, in the department. And then you allow them a little off besides?—A. No, sir, I don't think we would.

Q. You do not think you would, you are not quite sure. It would depend on whether they asked for it?—A. Maybe.

Q. I see. Then Mr. Robinson—did you ever enter a credit without getting the money?—A. I think not. It will show there.

Q. I know.—A. In Mr. Harding's case I think we did.

Q. I thought so. You entered a credit without receiving the money. The same thing might apply to the other officials?—A. It has not, I think.

Q. Do you know?—A. It has not, I know.

Q. But we have the balance on Mr. Harding's account paid off and no money passing. Now we have this balance off. Is that in the same way?—A. That is not.

Q. Do you know of your own personal knowledge?—A. I know Mr. Kelly's and Mrs. Kelly's.

Q. How do you know?—A. The book-keeper explained to me it was not.

Q. That is the only way?—A. That is the only way.

Q. You have not looked up the cash-book. What about Mr. Robinson?—A. That is Captain Robinson you asked me about this morning.

Q. That is only a small sum, \$6.78?—A. That is paid.

Q. That is marked paid too.—A. July 27th, balance.

Q. And is that one of this other kind of cash receipt?—A. No, sir.

Q. And what about the rest, are there any others?—A. No other officials, sir.

Q. I see, no other employees?—A. No other employees, no, sir.

Q. That will do.

By Hon. Mr. Cassels:

Q. Captain Bissett paid in cash?—A. Yes, sir.

By Mr. Watson:

Q. You do not know personally?—A. We find the cash-book right here and show you if he has not.

Q. We want some other book besides that. We want the date when you got the cash, the last cash.

The BOOKKEEPER.—I can get you any of them.

Q. Well, the last cash, let us see the cash payment. I suppose it might be entered in the cash-book as received and yet not come in?—A. No sir, it was impossible.

Q. It might get into the ledger but could not get in the cash-book?—A. It could not get in the cash-bok.

Q. I see. Although the ledger is supposed to be made from entries in the cash-book. Well, we will get that from Mr. Bookkeeper.

By Mr. Teed:

Q. I just wish to ask you, Mr. McAvity, one or two questions. Will you find that account, to which reference was made this forenoon, with Mr. Harding in the ledger that was marked No. 10 or page 10 in the forenoon, it is in one of those books?

Hon. Mr. CASSELS.—Account No. 10, 29th October.

Mr. TEED.—That is it, the one referred to this morning, that is Exhibit 305.

Q. All I want to ask you is this: This account stood for some three years and practically there was no effort or expectation to collect it. Now, what do these type-written dates here in the right hand column of that page mean?—A. That is the date the account was rendered, I think. Mr. Costa knows about that.

Q. How often was that account rendered, according to that book, to Mr. Harding, during the last three years?—A. It should be rendered I think every quarter.

Q. Well, how often does it show? It was rendered, according to these entries four or five times?—A. I think it was rendered four times, sir, four or five times.

Q. Your practice is to render accounts quarterly?—A. Yes.

Q. This book shows it was rendered four times at least?—A. Yes.

Hon. Mr. CASSELS.—I did not understand that account was rendered including the cheque for \$425.

Mr. TEED.—No.

Q. The \$425 cheque was not included in the account rendered from time to time?—A. No.

Q. That was just as you told us?—A. Yes.

Q. Some payments seem to have been made on it, I see?—A. No, that is a credit, that is an allowance.

Q. It must be a charge to correspond with it, is that it?—A. That was an allowance there.

Q. What is the charge of \$7, just a day or two before, is that a cross entry?—A. That appears to be.

Q. It is not much of a credit if there is an entry both ways. It was no credit at all. There is a charge of \$7, and a credit.

Mr. WATSON.—It was wiped off, he said.

Mr. TEED.—I gathered from what you said there was a credit of \$7, on the account, which does not seem that way from the book, if I understand it it is simply a cross entry?

Mr. WATSON.—It was simply an allowance.

Mr. TEED.—And he is charged the \$7 too.

Mr. WATSON.—No.

Mr. TEED.—What is the \$7?

Mr. WATSON.—That is the balance of the account forward.

Mr. TEED.—It does not seem that way.

Q. Do you know?—A. No, I do not.

Q. Apparently here from this account there is a cross entry of \$7?—A. Yes.

Q. Now, if I understand it correctly, these cheques, other than the \$425 cheque, were temporary?—A. Temporary, correct.

Q. Now you would exchange cheques, those would be redeemed, and then the transaction would be repeated in a short time, a month or week, whatever time it might be?—A. Correct.

Q. They never amounted, outside the \$425 they never amounted to any more than one cheque?—A. Once there were two chques for a short time.

Q. So at no time did they aggregate any large amount at all?—A. No.

Q. That stamp was referred to, a little note that came to you with the \$425 cheque had on it what you thought the office stamp of November 17th?—A. So it was.

Q. Is that the practice you have in your office to stamp communications, I don't mean negotiable papers, but communications, letters?—A. Yes, as they come in they are stamped.

Q. Anything in the shape of a letter?—A. Or memorandum.

Q. That is just in the ordinary course?—A. Yes.

Q. You would not in the ordinary course stamp a cheque?—A. No.

Q. Just a letter?

Mr. WATSON.—It was a dead letter.

Mr. TEED.—Well, whether it were alive would not make any difference.

Q. You never paid any commissions or rake-offs to Mr. Harding?—A. No.

Q. Those prices were sometimes wholesale and sometimes retail. Would it depend on the quantity of goods whether wholesale or retail?—A. We always charged wholesale prices. It may be on a broken package we would charge retail, but the majority of prices were wholesale prices.

Q. And the usual wholesale prices?—A. We sell at the lowest prices any one can sell at in Canada.

Q. That will do.

Mr. WATSON.—Your lordship was kind enough to intimate to us that you might be willing to sit a little while this evening. We have a witness who is coming in—

Hon. Mr. CASSELS.—I understand from the sheriff we can have the upstairs court room.

Mr. WATSON.—Will 8 o'clock be convenient to your lordship?

Hon. Mr. CASSELS.—Yes. I think the evidence of Mr. Macaulay is not finished.

Mr. WATSON.—No. We have sent him word two or three times.

Hon. Mr. CASSELS.—He may not be able to come to-night.

Mr. WATSON.—Well, if not, we will have him here in the morning. We will be sitting in the morning as well.

The following exhibits were marked:—

Cheque-book stubs of T. McAvity & Sons, 1904-5, Exhibit 336.

Cheque-book stubs of T. McAvity & Sons, 1906, Exhibit 337.

Cheque-book stubs of T. McAvity & Sons, 1907, Exhibit 338.

Adjourned at 5.15 p.m., to 8 p.m.

JOHN KELLY, called.

Mr. WATSON.—My lord, Mr. John Kelly, as will be remembered, is on the list of officials in the department here representing the lighthouses, and evidence was given during yesterday—perhaps the day before, which bears upon his conduct. In view of this, after making inquiries and ascertaining as far as I could that Mr. Kelly was not represented by counsel I thought it proper to have him called and to mention the circumstance in the presence of your lordship and in his presence so as to give him an opportunity, if he desired to do so—

Mr. KELLY.—Certainly.

Mr. WATSON.—To go into the witness box.

Mr. KELLY.—That is right, sir.

Mr. WATSON.—It being understood, my lord, in the absence of counsel that, if I may so state in his behalf, his evidence will be subject to the Canada Evidence Act, that will operate for his protection, if there is necessity for it, so that not in any event can he be afterwards prejudiced.

Hon. Mr. CASSELS.—He gets all the protection the Statute gives him.

Mr. WATSON.—Yes, your lordship so directs.

JOHN KELLY sworn.

By Mr. Watson:

Q. Mr. Kelly, how long have you been in the service of the Department of Marine and Fisheries?—A. Thirteen years and some seven months, since 1895, since May, 1895.

Q. May, 1895. What has been your position for some years past?—A. My position is lighthouse inspector or inspector of lights, as it is called by the department.

Q. And in connection with that office you receive considerable remuneration?—A. \$1,400 a year.

Q. And you have an office?—A. Yes, sir.

Q. Here with the chief agent?—A. Just across the hall from him.

Q. In the same building?—A. On the same floor.

Q. Part of the same premises?—A. Yes, sir.

Q. So that you are in a responsible position connected directly with the chief office for administration of departmental affairs throughout this province?—A. Yes. You might say—if I might be allowed, your honour—I might say it is through me that the whose estimates are made for the carrying on of the lighthouse business and all duties pertaining to such, and the supplies and requisitions are all made by me of what is required at the various stations all over this division.

Q. That increases your responsibility very materially?—A. Yes, sir.

Q. The fact that you have to make recommendations to the minister?—A. No, sir, not to the minister.

Q. To be deputy minister, to the office?—A. To the office, to the agent.

Q. And in that way to the head office?—A. Well, I presume, of course you understand, I am subject to the approval of the agent.

Q. Quite so. That increases your responsibility a great deal inasmuch as your recommendation is assumed in all respects to be accurate and thorough and straightforward?—A. And conscientious.

Q. Yes. The expenditure in respect to the lighthouses, then, or rather the amount of the expenditure, in the first place originates with you?—A. Yes. I—

Q. You have said yes. And I assume that the chief agent here for the most part acts upon your recommendation?—A. Yes, it is his duty to do so or reject.

Q. Yes. Have you known a case where he did not act upon your recommendation?—A. Well—

Q. Yes or no will do, if you can answer that way?—A. I would say yes and no both, unless you will let me answer. After once my letter leaves me and goes into the agent I have no knowledge, unless it would be that the work was not authorized to be done.

Q. Then my question—I will have to repeat it to you, I fear—have you known of any case where your recommendation was not approved by Mr. Harding?—A. I cannot recall any.

Q. No, I assumed not. Was it a matter merely of your consideration and your report in writing and the adoption of that report, was that the system?—A. Yes, as I go through and see.

Q. That was the system. There was not any more involved then, I understand, than your consideration or report in writing and his forwarding the report with his approval?—A. Yes, either for or against, yes.

Q. That is all. You observe therefore it follows from that it was not a matter of personal consultation with you after you had made the recommendation?—A. No.

Q. And which had the better information, you or he, in respect to these matters do you think?—A. Well—

Q. I am not asking you to swell your own importance?—A. Well, I was really the only man that had any knowledge of what was required.

Q. You were the only man that had any knowledge?—A. That is generally.

Q. Yes, generally so. Can you tell from recollection about the amount of expenditure that you recommended for lighthouses during the year 1907, that is just this last year?—A. Well, I think from just a look around, from memory, I should think it would run all the way from \$15,000 to \$20,000.

Q. Not more than that?—A. I would not think so. For repairs that I recommend. That does not include new lighthouses. I have nothing to do, that is I would have to do with them in the sense of the word, the report would be sent to me to approve or disapprove and then after that they would be authorized to be done by tender or put under my supervision or the engineer's to do the work.

Q. Yes. Then taking construction and maintenance, maintenance including repairs, is that not right?—A. Yes, that is right.

Q. Altogether about what would be the total expenditure in 1907?—A. I would not think it would exceed \$22,000.

Q. \$22,000, maintenance and construction. How many lighthouses are there within your jurisdiction or supervision?—A. I think about 108.

Q. A good many?—A. Oh yes; they are increasing.

Q. And as many lighthouse keepers as there are lighthouses?—A. A little more usually, because you see in some large stations we have assistant keepers, that is one or two assistants.

Q. Yes.—A. Let me—

Q. Let me ask a question, please. Then when was it that the city of St. John ceased to control and to maintain the lighthouses within the immediate vicinity of the city?—A. The city of St. John never maintained them sir.

Q. Did it not?—A. As I understand it, no sir.

Q. Do you think you are quite accurate?—A. There was a lighthouse board in the Province of New Brunswick previous to confederation, that maintained the lighthouses.

Q. That is going back a long time.—A. But the city of St. John never maintained the lighthouses.

Q. The city of St. John as a municipality never incurred expenditure in the construction and maintenance of lighthouses, that is your view.—A. That is my view of it.

Q. I was informed by a member of the city council quite to the contrary of that?—A. He has not any knowledge of it I can assure you.

Q. He has not any knowledge of it. I hope he is here. I was informed that was the fact, and that the system was changed within the last few years upon the suggestion of the department through its representatives at this place. Your idea is to the contrary of that?—A. Would you allow me now to explain, and then perhaps it will set us both right.

Q. Do you think an explanation necessary?—A. I do.

Q. Then please give it.—A. I presume it is the knowledge of yourself as well as his lordship that the city of St. John is the only harbour in Canada owned by a corporation.

Q. What?—A. The harbour of St. John is the only harbour there is in Canada that is owned by a corporation or by the city.

Q. The harbour?—A. The harbour. It was one of the old charters originally of King George before, I believe, the province was a province.

Q. Yes.—A. Now that extends down to Partridge Island, it goes a little northward from Partridge Island and extends to what we call Courtenay Bay and takes a line up northerly.

Q. And—A. Just allow me. The city maintains a certain number of buoys in that district. That is perhaps what you have reference to. These buoys, they are called cigar-shaped buoys, a poor thing.

Q. A poor thing?—A. Well, it is a poor thing. It was very good in its way, but we have much better now, and the consequence is we had one or two other buoys maintained. The government were anxious as soon as the winter service started to

improve those, and consequently, as you know, the government don't want to take advantage of cities, or do something in the city unless given permission, and they gave permission. Consequently that is what you have reference to. There was no lighthouses in it, simply buoys that were right in the harbour.

Q. I see. And you say it was the buoys that were taken over?—A. Yes sir.

Q. The construction and maintainance of those?—A. Of the buoys. Yes.

Q. Was that upon your recommendation?—A. I approved of it very much.

Q. Was it upon your recommendation?—A. I would not say it was; it would be the agent more than me.

Q. Mr. Harding?—A. Yes.

Q. What expenditure did that involve?—A. No more than obtaining the gas buoy what is now down on the foul ground which costs in the vicinity of \$250 or \$300 to run.

Q. Not a matter of much importance you think?—A. No; and it is—

Q. So up to that time these had ben maintained by the city?—A. Yes.

Q. And since then by the Department or Government you think for the advantage of everyone?—A. The commerce of the world.

Q. Trade and commerce, shipping?—A. Yes.

Q. Do you order the supplies for the lighthouse?—A. I order nothing.

Q. You order nothing?—A. I simply make—

Q. Who orders them?—A. The agent.

Q. Do you make recommendations for the supplies?—A. I make a recommendation every year. I am sorry I didn't know I was to be on the stand.

Q. Never mind appologizing.—A. However, I will tell you the form it is done in, if you will allow me.

Q. I am not particular about that.—A. Well, I will answer your question.

Q. If you please. Do you make the recommendations for the expenditure?—A. I make recommendations simply stating what is required for each and every lighthouse.

Q. Each and every lighthouse?—A. And fog alarms.

Q. And the amount of expenditure involved in that?—A. I never put the expenditure, I just simply put the articles needed.

Q. The articles required?—A. Yes, sir.

Q. Who passes upon that?—A. That is generally submitted to the agent, and from the agent it goes to Ottawa.

Q. Has the agent any practical personal knowledge of these matters?—A. He has been in the service 35 years.

Q. But does he acquire any personal information from which he can exercise an intelligent judgment do you think?—A. He does not go around.

Q. Well, that is your answer, he does not go around. Se he depends upon you?—A. Has to.

Q. Very likely, quite necessarily so, I am not saying otherwise. The supplies consist for the most part of what?—A. Oil, wick, and chamois skins, cottons and flannels and towellings and pails, dust brushes and all that sort of thing necessary for cleaning purposes.

Q. Groceries?—A. No sir, not a grocery.

Q. Meat?—A. Not a thing. We supply no lighthouse with meats, provisions or any kind. The only—let me explain.

Q. Yes?—A. Just one moment. They are doing construction work on certain places and we took men to do that, in many instances we furnished them with the grub ourselves because we think we can do it cheaper; in other cases we simply pay the keeper so much a meal, 20 or 25 cents as the case may be.

Q. That is in the cases of construction?—A. And where making repairs.

Q. And in the matter of contruction is there a representative from the head office generally?—A. Mr. Legere is the resident engineer who resides in Halifax and comes here occasionally.

Q. It is left to you for the most part?—A. In a great many instances.

Q. Yes, for the most part it is. Then when the order is passed in accordance with your recommendation, you get the order filled?—A. Me? Not unless it is something given me to construct you understand.

Q. I mean to say where you have oil and the other things you have spoken of?—A. That is all tendered from Ottawa, a great many of supplies, you understand, are tendered from Ottawa.

Q. Just wait, please. Do you mean to say that your requisitions are filled as a result of tender and contract?—A. In all the large articles. It is only the small articles—

Q. Well now, that does not apply, as I understand, to much of it?—A. If you will allow me—

Q. Never mind your explanation. Yes or no?—A. I am good on explanations.

Q. Yes, I see that. The greater part of it is ordered from the local merchants?—A. No, sir.

Q. It is not?—A. No.

Q. Half of it?—A. I should think about half of it.

Q. About half of it is ordered from local merchants. Who goes to the merchants to get the supplies, you or not?—A. It is seldom I ever go.

Q. You go sometimes?—A. Very seldom. If you will allow—

Q. Never mind an explanation. You go sometimes?—A. There is an explanation to that, if you will allow me, it is just as well for you to thoroughly understand. I don't want to convey or have conveyed anything that is wrong. In the spring of the year the tenders are asked for the various quantities of brooms and brushes and paint and other things and other necessary supplies, and each merchant that is on the list—he must be on the list heretofore to even have the tender—now those men are asked to tender on this, and their tenders are accepted in Ottawa and not here at all, sir.

Q. Now, wait please. You have already told me—I wish you would please answer my questions without further explanations, you can give your explanations afterwards—you have told me that half of the supplies are obtained as a result of direct order without tender?—A. Well.

Q. Is that so, yes or no?—A. It is not so, because it is so in one sense and it is not, because all these articles are tendered for I told you of.

Q. Yes, about half.—A. Very little, except it is a matter of small trifles.

Q. They are got from merchants here?—A. Certainly. Where would you want to get them from?

Q. Listen. We have had the evidence of merchants, and perhaps they have had one occasion during the last three years of a tender, seldom more than that. Do you differ with that?—A. The merchants only had one tender? Why, gracious me, every spring—

Q. You do not agree?—A. I don't on that point.

Q. Very well, you don't agree. When the goods are obtained you sometimes go for them and give orders for them?—A. No. The goods are obtained and sent to the warehouse when the man's tender is accepted.

Q. Well, when there is no tender an order is sent?—A. I make a requisition on Mr. Harding.

Q. That is right. Now we are coming to it. You make a requisition. Then do you accompany the requisition to the merchant?—A. Mr. Allan, in most cases Mr. Allan.

Q. Who is Mr. Allan?—A. The janitor, a messenger.

Q. That is a mere matter of a message?—A. Yes, he is the man.

Q. That is not a matter of selection by him or exercise of judgment or discretion. Who picks out the goods, anyone?—A. When the tenders are accepted—

Q. Never mind the tenders, leave the tenders out now. Goods are ordered from the different merchants from time to time?—A. If—

Q. Is there any one from the department who makes a selection of the goods?—

A. If there are special matters I require and want I go myself specially.

Q. If they are not special matters who goes?—A. If only an axe or a hatchet the order is given to the janitor and he purchases.

Q. You do not know a case of an axe or hatchet being simply ordered?—A. Certainly I do.

Q. I see. Now then, when you lay in supplies for what period are the supplies supposed to cover?—A. Twelve months.

Q. Twelve months. And I suppose you keep on the safe side?—A. Not always.

Q. Not always?—A. Not always.

Q. Not always on the safe side. Sometimes on the unsafe side?—A. It depends altogether on when the estimates get through in Ottawa.

Q. I see. Do you have to regulate yourselves according to the sittings of parliament?—A. Certainly.

Q. You have great responsibilities then?—A. I don't know about that part of it.

Q. Then it sometimes occurs that double the quantity is supplied?—A. Never by me, sir.

Q. By whom?—A. I make a requisition of just what I consider is necessary.

Q. Oh yes. Then if double the quantity is supplied you say that is a matter of error of judgment?—A. Not with me it is not.

Q. No error of judgment?—A. No.

Q. That is not possible?—A. It is possible, but you understand it is improbable in this case, because—

Q. Never mind the because, that will do. You are as bad as a woman.—A. Well, sometimes yes.

Q. In giving evidence. Now then, I understand that the over supply is often used by the lighthouse keepers and those in charge for their own benefit and purpose: Is that so?—A. Not that I am aware of sir.

Q. Oh, not that you are aware of?—A. And it could not be done without my knowing it.

Q. What?—A. It could not be done without my knowing it.

Q. Has it ever occurred?—A. Has it ever occurred? No sir, not to my knowledge.

Q. Not to your?—A. I would not let it be known.

Q. You would not what?—A. I would not let it be done.

Q. And if it was done would you let it be known?—A. I would report it to the department, because I think I would not be doing my duty unless I did.

Q. And in that event you would be reporting that your estimate had been excessive?—A. I could not.

Q. You could not do that?—A. Not very well.

Q. Then it would be difficult for you to make a report about an over supply?—

A. Well, I don't do it, sir, I take the precaution.

Q. We are all human, of course?—A. That is very true.

Q. Now then, I want to ask you particularly about that, because the information that is given to us is that it is rather the rule than otherwise that there is an over supply, and an abuse therefore by the employees of their opportunities?—A. That is not true.

Q. To what extent?—A. Except in one case I know of, I can tell you.

Q. Let us have that one case first?—A. On what we call the Gannet Rock, it is a rock—

Q. Never mind describing the rock.—A. It is a rock 12 miles out from the main land of Grand Manan, and the agent unfortunately ordered more coal than I had ordered him to get, and consequently more was there than really required for the year. That I am not responsible for.

Q. You gave the estimate?—A. No, I did not give the estimate required. It don't matter whether friends or foes are in the lighthouses—

Q. What do you mean by friends or foes?—A. No matter who the man is I treat all alike.

Q. Do you mean you have friends and foes in the service?—A. No matter who they are. It is a common word to use, that is all, I expressed it that way.

Q. I see. What is the next exception? Just try and think of that.—A. None that I am aware of, that I can call your attention to.

Q. I am going back, if you please, to the beginning of 1904?—A. Yes.

Q. Just try and think now?—A. We have some 18 lighthouse fog alarms at least, I am speaking of where we use coal, there is not anything excessive except on the one place you mention.

Q. You mean you mention?—A. Yes, on the Gannet Rock.

Q. I am asking you to try and refresh your recollection as to others?—A. Not any.

Q. Why not?—A. Not any.

Q. Are you prepared to adhere to that?—A. I am prepared to state that there is not a single—

Q. Had there been a single complaint made to your knowledge in respect to any one of those matters?—A. Not a single man has ever complained.

Q. Not any one?—A. No.

Q. And then with regard to the buoys?—A. Yes, sir.

Q. You asked for too many sometimes?—A. No, sir.

Q. Ever done so?—A. No, sir.

Q. Ever any complaints?—A. Not that I am aware of.

Q. Who would be aware if you are not?—A. The agent would be the only man.

Q. The agent would be the only man. About what is the average cost of the construction of those lighthouses?—A. Well, it depends.

Q. About the average I am asking you, witness?—A. Well, it runs in the vicinity of about \$1,700.

Q. \$1,700 for each?—A. For the lighthouse.

Q. About what is the average cost of maintenance of each?—A. They would run in the vicinity of about \$250.

Q. \$250?—A. Yes, taking the average.

Q. That is the way they run. Does that include—?—A. That does not include the salaries.

Q. The salary is usually how much?—A. Some keepers they run—

Q. The average, please?—A. The average run about \$250, from \$80 to say \$1,000.

Q. So it is a matter of \$500 expense for maintenance of each lighthouse on an average?—A. On an average.

Q. The lighthouse costs about \$1,700?—A. Yes.

Q. That is the way it is?—A. That is the cost of new buildings.

Q. How many of those lighthouse keepers are not quite in accord with your views so far as you know?—A. None that I am aware of.

Q. None that you know of. Not quite friendly to you?—A. There is none that is not friendly to me. I don't want any of their friendship.

Q. Oh, I see.—A. It is a matter just simply of seeing they carry on their business.

Q. Oh, you are very exact I understand?—A. Not too exact, but I see they carry out just what the instructions are.

Q. Yes, quite so. Do you have anything to do to the repairs to the ships?—A. No, sir.

Q. Do you have anything to do with the launch?—A. No, sir, I don't.

Q. Eh?—A. I don't.

Q. Why not?—A. Well, I would not be bothered with it.

Q. You would not be bothered with it. Do you know how much that cost?—A. I never paid any attention to it so as to be—

Q. I do not ask you that. Do you know about how much it cost?—A. How much? Well, I know she cost——

Q. Including fittings and everything in connection with it?—A. I knew when they sent her down here from Ottawa or wherever they sent her down from, Prescott, she was supposed to have cost \$1,500.

Q. And after that in the fittings about how much? I believe they are very beautiful brass fittings, furnishings and so on?—A. I think I was in her once this year. I don't know there is any great brass fittings.

Q. Do you know what the cost is?—A. I would not think the cost more than a couple of hundred dollars. It may have cost a thousand for all I know. I never see the bills, they don't come before me.

Q. Then who are keepers of lighthouses on the St. John river?—A. The names of them?

Q. A few of them, three or four?—A. Mrs. Daget at Belyea, Mr. Wagner, Richard Wagner, at Sand Point; Mr. Forest at the Cedars; Mr. Palmer at Hampstead.

Q. Well, that will do. You know then pretty well?—A. Know them all, sir.

Q. How often do you visit them?—A. Once a year.

Q. More than that?—A. Sometimes oftener.

Q. Once a year and sometimes oftener?—A. That is what instructions are.

Q. And then you supply them with oil and brooms?—A. Yes, sir.

Q. All sorts of household utensils necessary for the—?—A. Just for the maintenance of the lights.

Q. For the proper keeping.—A. Yes.

Q. And when did you first learn that some of those keepers occasionally sold oil and brooms that you left them or supplied to them?—A. I never learned, sir.

Q. Did you ever hear of that?—A. I heard and inquired.

Q. Did you ever hear of it?—A. I may have heard.

Q. You may have heard of it. Why do you say you may have heard?—A. Just like your anonymous letters you read to-day.

Q. Never mind making a speech. You say you may have heard of it. I should think in the course of your duty, if you actually heard of it, it would make an impression that you would not be likely to forget?—A. And I inquired at once.

Q. I did not ask you about any inquiry?—A. But I want to tell you I did.

Q. But when did you hear of it?—A. When——

Q. Yes?—A. I never heard this year or last year, it may have been years ago.

Q. When you were young?—A. No, I am still young, you know.

Q. When was it?—A. Since I heard of any persons selling brooms, brushes and supplies?

Q. Yes?—A. I have heard directly.

Q. I did not ask you directly. When did it come to your information by hearing or otherwise?—A. I may have heard of a man giving some oil, but not selling to any person.

Q. Now we get back to it. When was that?—A. It may be a couple or three years ago. I remember one case up the river, just one case.

Q. Wait.—A. And I——

Q. Wait, please, witness. You may have heard two years ago. From whom did you hear it?—A. I could not tell you just now.

Q. You cannot tell. What did you hear?—A. I may have heard——

Q. Don't say may. Was it so or not?—A. I may have heard it in anonymous letters, but I never heard it directly from any person.

Q. You do not know whether you heard it or not?—A. I know I got anonymous letters. What do you want me to tell you, just what you want me to say?

By Hon. Mr. Cassels:

Q. Just answer the questions.—A. I am.

Q. You want to speak so much that we do not get the questions answered?

Mr. WATSON.—You want to take charge of the court and everybody.

By Hon. Mr. Cassels:

Q. You got information at all events to the effect that supplies were being taken?

—A. Yes, sir.

By Mr. Watson:

Q. From whom did you get that information?—A. I could not tell you, because—

Q. Never mind the because. You could not tell. To whom did that information apply, what keeper?—A. To one of the keepers on the river.

Q. What is his name?—A. I cannot tell you exactly from memory.

Q. This is only two or three years ago.—A. You understand, a person might make a statement and you inquire into it—

Q. You cannot tell from whom you heard it, you cannot tell what you heard, you cannot tell as to what employee it referred to. Then, that being so, you cannot tell what inquiry you made, of course?—A. Oh, yes.

Q. Why?—A. I inquired into those matters.

Q. Well, of what keeper did you inquire?—A. I cannot just think now of the very person.

Q. You cannot think. Then is it so that you made inquiry of a keeper, or did you not?—A. I made inquiries of any person—

Q. Not any person; of a keeper. What keeper did you inquire of?—A. I could not tell you from memory just now, sir.

Q. Did you inquire from more than one?—A. If there was any complaints—

Q. I am not asking you about if's. Do you remember if you inquired from more than one?—A. Not that I remember.

Q. And you do not even remember if you inquired of one?—A. Yes.

Q. What was the one?—A. A matter coming up before my mind—

Q. What was the one?—A. I cannot tell, but—

Q. You cannot tell. Then you cannot tell of course what the keeper said, you do not know the person?—A. When you speak to me that way I simply—I call to my mind, I now tell you the man at Bridge's Point.

Q. Now you recollect one?—A. Yes.

Q. What is the name of the man?—A. At Bridge's Point lighthouse.

Q. What is the name of the man?—A. Upham.

Q. Uplin?—A. Upham.

Q. I see. You remember him now?—A. That is the only case I know of.

Q. When did you make inquiry of him?—A. I think about two years ago.

Q. Is he living now?—A. Yes.

Q. And what did he say to you?—A. Well, I inquired not only from him—

Q. Never mind about anybody else. What did he say to you?—A. He told me he never sold anything, and I went into the quantities, how much he got, and I could not see the man ever disposed of anything. We know what each lamp will burn.

Q. Wait, please. That is all you did?—A. That is all I could do.

Q. Were you told to whom sales had been made?—A. No.

Q. That would be told to the people about, did you inquire of them?—A. I inquired of one or two persons.

Q. You have the names?—A. Mr. Burpee.

Q. Mr. Burpee, yes. What did he say?—A. He said no, he would not believe it.

Q. You did not expect Mr. Burpee had got them for himself, he was not the kind of man who would get them for himself?—A. Oh no.

Q. You did not inquire after any persons likely to make purchase?—A. I think it was nothing more than jealousy.

Q. That was your idea when you heard it?—A. No, when I made the investigation.

Q. That is the long and short of it. You never made any other inquiring?—A. No, I never made any inquiries, because—

Q. Never mind the because. You never made any other inquiries, that was the end of it. How often did you hear those reports?—A. I am not aware of ever having any more than one or two, that one and another one.

Q. Did you report those to Mr. Harding?—A. I always report everything.

Q. I did not ask you about always reporting everything. Do you remember whether you reported those particular complaints to Mr. Harding?—A. Either verbally, I think I did verbally or in writing.

Q. You think you did you are not quite sure. Then what did Mr. Harding say to you?—A. Well, Mr. Harding is not much of a man to talk to.

Q. I see, not much like you?—A. No, entirely different.

Q. I see. I suppose that is the reason your office is across the hall, is that right? Well, now, witness, I suppose you would not be surprised at such occurrences sometimes?—A. Well, where you have so many to deal with, no.

Q. No, you would not. What would they be likely to sell out of the supplies, would you expect they would be more likely to sell oil than brooms?—A. Well, they would not get many brooms.

Q. More likely to sell oil. Is there anything else of which there is such a quantity?—A. No, sir.

Q. Now, we are informed that this is done to a considerable extent, and in that way some of the lighthouse keepers get enough dry goods to cloth their children a considerable time?—A. If five yards of cotton would they might have.

Q. I see, they might get it that way?—A. Would you allow me to explain.

Q. Never mind an explanation. You would not be surprised then that that occurs?—A. Cotton.

Q. Something got in exchange?—A. They must have the cotton to clean their lamps and that sort of thing, and they cannot do it without having the cotton.

Q. I see. Then you cannot give us any other information about those acts of employees making exchanges?—A. There is no exchanges made.

Q. Well, not that you seem to know of?—A. And I would know.

Q. Now you know Captain Schmidt?—A. I have just seen him once or twice.

Q. Only once or twice, that is all?—A. Yes.

Q. And you know Mr. Morris?—A. I do very well.

Q. And you know the other officials?—A. Yes.

Q. And you are familiar or know a little of the system that goes round about of occasional presents when supplies are ordered and paid for?—A. No, sir.

Q. Eh?—A. No, sir.

Q. You do not know anything about that?—A. No man ever gave me a present.

Q. Listen. Did you ever hear anything about that?—A. To me?

Q. To other officials. I am not speaking about you just now.—A. No, sir.

Q. You never heard anything about that?—A. No, sir.

Q. Never tempted even?—A. What? I was not tempted.

Q. Yes.—A. No, I would not say that.

Q. You would not say that, you would not say that offers had not been made to you?—A. No.

Q. In fact it is quite frequent?—A. I wouldn't say it is frequent.

Q. Well, it often occurs?—A. Well, occasionally.

Q. Occasionally it occurs about town?—A. No.

Q. Well, where abouts is it if not about town?—A. We have a large jurisdiction here.

Q. Yes. You find that exists more out of St. John than in it?—A. No, not any more proportionately, but there is always people anxious—

Q. To give you favors?—A. If you wanted it.

Q. In exchange for another?—A. No.

Q. No exchange?—A. I suppose they would look upon it that way.

Q. That is what they would expect?—A. Certainly.

Q. So often you are offered little gifts and favors, money?—A. No, sir.

Q. Of what kind?—A. Well, people, sometimes persons would want to present you with this, that or the other thing.

Q. I see. Present you with some things?—A. Yes.

Q. And sometimes cheques?—A. No, sir.

Q. I mean exchanged for your own?—A. No, sir, I never had any cheques, I got through with cheques a good many years ago.

Q. They are a bad thing to have?—A. Unfortunately or fortunately.

Q. I never knew anybody to hold a cheque any longer than they could help. Your cheques generally go into the bank I suppose?—A. My cheques?

Q. Yes?—A. Yes, when I get my salary cheque and travelling expenses.

Q. Then you have heard of others in the service having offers made to them too?—A. Well, I don't know as I have.

Q. Have you or not?—A. I have not, sir.

Q. You have not, I see. Then you know, Mr. Mooney?—A. I do.

Q. He did work upon your house?—A. Yes, sir, he put in a ceiling for me.

Q. And the work was done at a cost of about \$95 or so. When was it done?—A. It was done about two years ago.

Q. I thought it was longer than that?—A. I don't think so. It was a ceiling that fell down, sir, in my house.

Q. Certainly. About two years ago; my recollection is that Mr. Mooney said it was about four years ago?—A. Possibly.

Q. I see, possibly four years ago?—A. I would think three years, two or three.

Q. I see you got ahead another year, you think three years, or it might be five years?—A. I would not think so.

Q. You would not think as long as that. And you have never paid for that yet?—A. No, sir.

Q. No. And you got \$40 from him once?—A. I did.

Q. You never paid that?—A. No. Would allow me to explain?

Q. In a minute or two you can say all you like. And who else did any work at the house?—A. For me?

Q. Yes?—A. Nobody else, sir.

Q. Nobody else?—A. No, sir.

Q. And from whom else did you get money?—A. Me?

Q. Yes, you?—A. I did not get any money from anybody else. I did not want any money. I don't want—I only just go along evenly.

Q. You got it from Mr. Mooney?—A. I did. I think I can explain that.

Q. Yes, just in a minute. Then you afterwards gave him a moose head?—A. I did.

Q. Well, that is better than some other kind of head I suppose?—A. Yes, it is.

Q. And that was in return for the compliment partially?—A. Partly it may be.

Q. How much is the moose head supposed to be worth?—A. A good moose head is worth in the vicinity of \$60 to \$100.

Q. I see, \$60 to \$100. Was that intended in payment of the \$40 and the house repairs?—A. No, sir.

Q. To be applied on account?—A. No, sir.

Q. I see. That was just a gift?—A. It was friendship.

Q. Oh, friendship, the same old friendship?—A. No, there is no friendship with Mr. Mooney. I have a boy serving his time with him.

Q. How much did the moosehead cost you, how much did you pay for it?—A. I suppose altogether it cost me \$30.

Q. That is what you paid for it?—A. Well, between one thing and the other.

Q. So you paid for this, and you can afford to make gifts apparently?—A. No, I cannot.

Q. Eh?—A. No, I cannot.

Q. With the people with whom transactions are being carried on. Well, you made that gift?—A. It is not a gift.

Q. It is not a gift? Oh, I see. Did he purchase it from you?—A. Well, if you will allow me to explain?

Q. Did he purchase it from you?—A. No. He said he would like to have a moosehead like that, and I said, 'I can get you one.'

Q. And then you expected him to pay for it?—A. It would be no great compliment to do that part of it.

Q. Did you expect him to pay for it?—A. I expected when the time came to settle up this matter would be settled up about what it cost me.

Q. That is what you expected?—A. Yes.

Q. And the time of the settling up between you and him is sometime between now and Doom's Day?—A. No, sir. I didn't owe anybody——

Q. I am not asking you that. Was there a time fixed for settling up?—A. No, sir. Mr. Mooney never billed me, and when I asked him in the street about the \$40 he said, 'Pat, I will give you the \$40.' 'Don't hurry, you have lots of trouble.'

Q. Lots of trouble?—A. Yes. I had trouble with my family, and the consequence was I put out money that was necessary on the occasion.

Q. So he never billed you?—A. No.

Q. And you were getting goods from him?—A. No, sir.

Q. I mean purchases were being made by the department?—A. No, sir.

Q. But he was selling to the department?—A. Brick he was selling. I had nothing to do with that. Mr. Harding would order that brick.

Q. Mr. Harding would order it?—A. But it was the labour of men going down on the place.

Q. Now, I find you certified some of his accounts?—A. Yes, sir.

Q. And he knew that?—A. I don't think it had the slightest consideration.

Q. I did not ask you that at all.—A. But it did not with me.

Q. Did you certify some of his accounts?—A. Certainly.

Q. And Mr. Mooney knew it?—A. I don't know.

Q. You don't think Mr. Mooney knew of it, you are aware of it?—A. I would think so.

Q. So these are just the premises, these goods were being ordered by the department through Mr. Harding, upon your recommendation, from Mr. Mooney, and goods were being supplied by him, and during that course of dealing you asked him to loan you \$40, and he loaned it to you, and nothing was ever said about repayment?—A. Yes, there has been.

Q. Then he did work for you at your house to the extent of \$95 three or four years ago and nothing said about repayment, meantime transactions going on with the department through you and Mr. Harding. That is the condition of affairs, is it? Now, what is your explanation?—A. My lord, I think in 1906, it was in the summer, one of my boys got into some trouble and I happened, I was going home, it was just about noon time—Mr. Mooney said in his evidence it was the evening, it was not, it was day time, about half-past twelve—I got up the street a little and I said that, have you got \$40? He said, 'Yes, I have.' He handed it out to me. A month afterwards I met Mr. Mooney and I said to him, I says, 'Pat, I will give you that money.' He says, 'Don't be in a hurry, you have lots of trouble.' 'I will give you that,' I said. 'No,' he said, 'I don't want it, don't be in a hurry.' I did not bother about the money good bad or indifferent, because I knew whenever he wanted it it was not a very great thing, I could pay it any time. Don't think for a moment \$40 was going to trouble me about paying, it was only a matter of asking. I tell you now as far as the work done in my house goes, the ceiling falling down and the fitting the ceiling in, which I thought would not be more than \$30 or \$40—when you said \$80 I had no idea, I had no conception of that. I am away two-thirds of my time from home, consequently he never rendered me a bill, and I never thought of it or I would have paid it long ago.

Q. Is that the explanation?—A. That is the explanation in reference to that bill.

Q. I think that is all.—A. Now as far as—

Q. Anything else you want to say?—A. A few words. Your lordship, there is one thing I want to say. I never certified to a bill since I have been in the department, but I certified to it conscientiously and honestly and I believe the government of the country got good value for everything I ever put my signature to. It does not make any difference whether in the city of St. John or what part of this province, I have attended to the duties of the office since I have been appointed as diligently and carefully and with as much watchfulness as any man in this country that holds a public position, and so much so that even with Colonel Anderson, who was one of the very conscientious men, when he had anything, no matter what it was, it was, 'Have Kelly do this or have Kelly do that.' That was the usual thing up there with him. Now, as far as the merchants are concerned in the city of St. John, I want to say I know of no excessive charges any man in St. John made to the government of this country. It is all right to throw out insinuations about 40 to 50 per cent, but I have some knowledge of the articles. I was in the carriage business before unfortunately I got into this position, and consequently I know the value of articles as well as any man who occupies a position of that kind in the province, so Mr. Watson and this other gentleman, who of course are trying to make these things out, I want to try to tell them that I have been along often with Mr. Harding in the office and all the accounts that ever come there I can conscientiously say I never saw an account or known of him to sign a bill that came before me afterwards that was not right and just. He may have had his transactions which I knew nothing about, that was not in my line. I have no cheques. I have nothing to do with cheques, for if I was away in the north they might be protested and I should have no end of trouble. I try to get along as economically—

Mr. WATSON.—Never mind, keep to the business.

A. And consequently I want to tell you once more I never certified to anything since I occupied the position but what was honest, straight and right.

Hon. Mr. CASSELS.—That will do, Mr. Kelly.

Mr. PERRON.—I understand your lordship wishes to hear Mr. Macaulay?

Hon. Mr. CASSELS.—He was here to answer one question.

Mr. WATSON.—I think that was whether or not an entry was made for cash and there was no cash received.

Hon. Mr. CASSELS.—He was to find out what the reverse side of the account represented, a special account.

Mr. R. B. MACAULAY.—Your lordship wanted to see the date of the book, I think.

Hon. Mr. CASSELS.—I want an answer to that one question.

Mr. PERRON.—One second, please. What was the question, Mr. Macaulay?

Mr. MACAULAY.—The date of the special—

Mr. PERRON.—No, the question was an explanation as to the special account.

Mr. MACAULAY.—Yes, that is what I am turning up.

Mr. PERRON.—What is the explanation as to that special account. Why was it made?

Mr. MACAULAY.—It was a gift to Mr. Harding.

Mr. WATSON.—A gift to whom?

Mr. MACAULAY.—Mr. Harding.

Hon. Mr. CASSELS.—One second. Then the entry of goods furnished and so on is also fictitious?

Mr. MACAULAY.—I will show your honour.

Mr. PERRON.—Please answer the question.

Hon. Mr. CASSELS.—You may open the books. They are both fictitious as far as I understand, both entries.

Mr. WATSON.—Then the fact is Mr. Macaulay, that in your business and in your transactions with the agent of the Marine Department you permit or make false and fictitious entries in your books?

Hon. Mr. CASSELS.—That is the entry ?

Mr. MACAULAY.—No, sir.

Hon. Mr. CASSELS.—On May 7th the balance is \$33.66 ?

Mr. MACAULAY.—That is a credit.

Hon. Mr. CASSELS.—That is put there in order to make it square with the cash ?

Mr. MACAULAY.—I will show you from the entry that is to square the cash.

Mr. WATSON.—I think we can accept his statement that it is false and fictitious.

We do not require any further evidence that it is false and fictitious.

Mr. PERRON.—We had that before, that has been proved.

JOHN ALLAN, sworn.

By Mr. Watson :

Q. What is your occupation, Mr. Allan ?—A. Acting store-keeper.

Q. Acting store-keeper. In what store ?—A. In the Marine and Fisheries Department.

Q. Oh, you are indeed. So you are an employee in the department ?—A. Yes, sir.

Q. And what salary do you get ?—A. I am there by the day, sir.

Q. By the day ?—A. Yes.

Q. Then where are these storehouses of the department ?—A. In the customs house.

Q. Adjoining the customs house ?—A. Right in it, sir.

Q. And is it a fact that Mr. Harding, the agent, had the use of the stores for his own purposes more or less ?—A. Not that I know of.

Q. I thought you were keeping the store ?—A. I say not that I know of, he never had any.

Q. Eh ?—A. No, sir.

Q. You would know whether or not he would have ?—A. Yes, sir, I would.

Q. You would know ?—A. Yes, sir.

Q. What goods or property did he keep in the store belonging to himself ?—A. Well, he has some trunks there with some stuff in them, I don't know really what are in them.

Q. Yes. And what else ?—A. That is about all.

Q. Eh ?—A. That is about all.

Q. About all ?—A. Yes.

Q. What else is there besides trunks ?—A. Well, there is some trunks and barrels, I don't know what really is in them.

Q. And barrels. Do those occupy half of the premises about ?—A. They take up a space of about 20 feet long, about three feet and about eight feet high I guess.

Q. I see. How long have they been there ?—A. About seven years.

Q. About seven years, they have all been there during that time. And during that time has the space ever been required for other purposes ?—A. Well, no, sir.

Q. Eh ?—A. No, sir.

Q. And the storehouse sometimes ?—A. Is pretty full, yes, sir.

Q. Pretty full, I see, that is the condition. What else was used there, anything else ?—A. How do you mean, sir ?

Q. Anything else that was used there, anything else of Mr. Harding's there ?—No, sir.

Q. Did you ever report it to anyone or speak of it to him ?—A. No, sir.

Q. Did he ever speak of it to you ?—A. No sir.

Q. I never did, I see. And then what else, what other use, if any, is made by him of the store-house, that is for his own purposes ?—A. None at all, sir.

Q. Eh ?—A. None whatever.

Q. Then you do work for him occasionally ?—A. Him personally.

Q. Yes.—A. No sir.

Q. Have you done so ?—A. No sir.

Q. At all in any way?—A. No sir.

Q. Not at all. Then did you work on the repairing of the steam yacht or launch?

—A. I used to run her for him occasionally.

Q. Run her for him?—A. Well, that is to take him down to the island.

Q. It was a matter of little pleasure trips I suppose?—A. Business.

Q. Business was it, I see. Did that occur often?—A. No sir.

Q. Then do you know at any time of material that was there that belonged to the department being taken or used by Mr. Harding, have you any knowledge of any such thing?—A. No sir.

Q. Eh?—A. No sir.

Q. A little bit slow in your answer there?—A. Well, I was just thinking.

Q. That is all right. The result of your thinking is that you say you do not know, that is right, is it, you do not know of any?—A. Yes sir.

Q. And then at the storehouse there, that is the place where goods are delivered?

—A. Yes sir.

Q. And you received the delivery?—A. Yes, pretty near always.

Q. And I suppose they often give you little things at the time, money and so on?

—A. Who, sir?

Q. Eh?—A. Who.

Q. People delivering?—A. No sir.

Q. Did ever anything of that kind occur?—A. No sir.

Q. Not at all, is that right?—A. Yes sir.

Q. Never on any occasion?—A. Never.

Q. That will do, Mr. Allan.

John M. DRISCOLL sworn.

By Mr. Watson:

Q. Mr. Driscoll, what is your business?—A. Lumber business.

Q. Lumber business?—A. Yes.

Q. A considerably large dealer?—A. No, not very large.

Q. Have you had any transactions with the department?—A. Not a great many.

Q. You have had some?—A. Yes.

Q. And in connection with those or otherwise has the matter of exchange of cheques arisen?—A. No sir.

Q. Or loans?—A. No sir.

Q. Any matters of that character?—A. No sir.

Q. Not at all?—A. No sir.

Q. Directly or indirectly?—A. No, sir.

Q. No matter of favours by you?—A. No sir.

Q. Or to you?—A. No sir.

Q. Do you recollect an occasion when you offered to supply lumber at a lower price than another and you were not able to get it and you protested to Mr. Harding that your price was lowest and you should be given the order?—A. Yes sir.

Q. You recollect that?—A. Yes sir.

Q. When did that take place?—A. Oh, I think perhaps it is three years ago, two or three, I am not positive.

Q. Three years ago?—A. Yes, either two or three.

Q. And were the circumstances just shortly as I have stated them to you in my question?—A. Yes sir.

Q. I see. How much lower did you offer to supply the lumber for than Mr. Moore?—A. Mr. who, sir.

.. Q. J. E. Moore?—A. I do not remember.

Q. You do not remember how much lower?—A. No sir, I don't.

Q. You don't remember how much—but you remember it was lower?—A. I did not know who was supplying outside of me, I did not know it was John E. Moore or anybody else.

Q. Just tell what you know of what took place?—A. Well, this lumber was ordered, I went to him and offered to do it at a certain price, and I didn't get it, that is about all.

Q. Then what followed about that?—A. It followed I didn't get much more business, that is about what followed.

Q. Why not?—A. I couldn't tell you at all.

Q. Did you raise a row?—A. No, I did not.

Q. What did you do?—A. I didn't do anything.

Q. You mean you tendered too low?—A. I suppose that was it.

Q. I see, you tendered too low. And was Mr. Kelly around there?—A. He was, yes, sir.

Q. He was around, I see.—A. He didn't have anything to do with that.

Q. No he did not have anything to do with that; but did you tell him about it?—A. I don't remember I did. We had several conversations about lumber, but he always told me he had nothing to do with lumber.

Q. I see. Then you tendered, and were you told your price was too low?—A. No, sir, I don't remember that.

Q. About what you were told?—A. I don't remember just exactly what I was told.

Q. How many years ago?—A. Two years ago.

Q. Two years ago. But you say you understood your price was too low and he would give the order to someone else. It would not do to cut prices, that is about it?—A. Oh no sir, no conversation of that kind.

Q. What was it?—A. I didn't get the order. Whether the price was too low or too high however I didn't get the order.

Q. Was it supplied at a higher price?—A. I don't know that.

Q. You don't know that?—A. I don't know that.

Q. I see. Then why did you not get any more business?—A. I cannot tell you that.

Q. Did you have any unpleasantness?—A. No, not any as I saw. Perhaps I was not in the swim.

Q. Perhaps you were not in what swim?

By Mr. Perron :

Q. The cheque swim?—A. I could not tell you.

By Mr. Watson :

Q. Is there a swim here?—A. I guess there are. I know I got an order two years ago to supply a certain amount of lumber, and I got it all ready and it was a very difficult order. I called up Mr. Harding when the steamer arrived and told him I had my order all ready. He said, 'That is too bad. I am sorry, you will have to wait until some other time. I forgot all about it,' or words to that effect. However I got a memorandum of the order over in the office and somebody else filled the bill.

Q. Do you know whether at higher or lower prices than you?—A. I do not know I am sure.

Q. You do not know about that?—A. No.

Q. That is all you know about it?—A. That is all. My bill amounted to \$1,200 or \$1,300 for the last four years.

Q. So you did not get much. Were you on the list?—A. I believe so, sir.

Q. You were not on the top?—A. No.

Q. That will do—A. Thank you.

Mr. WATSON.—I think that is all this morning, my lord. Ten o'clock to-morrow morning?

Hon. Mr. CASSELS.—Yes.

(Adjourned at 9.15 P.M. to 10 A.M. to-morrow, November 27th.)

November 27th, 1908. 10.10 a.m.

MR. WATSON.—My lord, I have had handed to me this morning by the book-keeper of the firm of T. McAvity & Sons 14 cheques, which I understood him to say were all he could find, and he thought these were all the cheques that had been issued. I desire to put them in, my lord.

(Cheques marked Exhibit 339.)

I observe in connection with them that one of these cheques made payable to cash is endorsed by H. H. Brown. I have sent for him. All the cheques are payable to cash.

MR. TEED.—They are all endorsed by Mr. Harding?

MR. WATSON.—No. Some of them are cash without endorsement. It is just the same system that has existed with the firm of McAvity & Sons and with others in the same line of transactions.

MR. WATSON.—Is Mr. Morris here.

MR. MORRIS.—Yes, sir.

MR. WATSON.—Mr. Morris I understand you desire to be heard?

MR. MORRIS.—Yes, sir.

MR. WATSON.—It is your wish.

MR. MORRIS.—Yes, sir.

MR. WATSON.—Then will you step forward.

MALCOLM A. MORRIS, sworn.

By Mr. Watson:

MR. WATSON.—My lord, if I may be permitted to refer in the same way as in regard to Mr. Kelly that the evidence of Mr. Morris will be subject to the same reservation of his rights and protection if necessary.

HON. MR. CASSELS.—Yes.

By Mr. Watson:

Q. How long have you been in the Department?—A. I have been in the Department 20 years, about 21 years altogether. I have been in the Department on two different occasions.

Q. You have been here in New Brunswick all that time?—A. Yes.

Q. And you are an engineer?—A. Yes, sir.

Q. And for some years past you have been on the ship or steamer *Lansdowne*?—A. No, sir, never on the *Lansdowne*.

Q. The *Curlew*?—A. The *Curlew*. I have been on the *Dream*, the *St. Nicholas* and the *Curlew*.

Q. How long on the *Curlew*?—A. I have been on the *Curlew* about 15 years. I have been chief 14.

Q. Chief engineer 14 years?—A. Yes, sir.

Q. The *Curlew* is a pretty large steamer?—A. No, sir, she is a small steamer.

Q. The cost of a steamer like that is about how much?—A. Do you mean for repairs?

Q. No.—A. I understood she cost \$45,000.

Q. And she has repairs to her?—A. Yes, sir.

Q. Pretty frequently?—A. Every year, sir.

Q. The average cost of repairs is about how much?—A. It varies. Some years \$600, some years it has been \$1,400 to \$1,700.

Q. And some years it has gone I think to \$3,000 or \$4,000?—A. It did, the first year she run I think it went to \$4,700 odd.

Q. And then apart from the steamer *Curlew* have you other duties to perform as engineer?—A. No, sir.

Q. Or otherwise?—A. No, sir.

Q. None at all?—A. No, sir.

Q. Limited to the operation and running of that steamer?—A. The running of the steamer, yes.

Q. Then in connection with that it is your duty to see everything is in shape and proper condition?—A. Yes, sir.

Q. The provisions obtained?—A. Nothing to do with the provisions but the stores for the engine-room.

Q. Nothing to do with the—A. The provisions. It is just the stores.

Q. It is just the stores for the engine-room?—A. Yes, sir.

Q. And then the matter of repairs and proper condition, is that right?—A. Yes, sir, that is right.

Q. Then you obtain these stores and attend to the repairs?—A. I get those stores through orders.

Q. From Mr. Harding?—A. Sometimes from Mr. Harding and sometimes the captain signs them.

Q. The captain?—A. Yes, sir.

Q. Who is your captain?—A. Captain Millan, he is the late captain. It has been Captain Robinson before.

Q. You received the stores as they came in and certified to them I suppose?—A. I check as they come in, there is an order on the order-book, there is a stub, and we check them off according as they come aboard.

Q. And then you also certify to the prices of them, you have to look after the prices?—A. When the orders come in we have nothing at all to do with the prices.

Q. You have not?—A. No.

Q. Just the quantities?—A. That come in.

Q. And the quality?—A. The quality, yes, sir.

Q. And do you mean to say if you saw the prices were too high that you would not report it, that you would have nothing to do with that at all, whether high or low?—A. Well, I called the admiral's attention to some orders which were given about waste, we got it for 9 cents and we paid 10 cents for the waste that was not as good as for 9 cents.

Q. It was not as good as the 9 cents?—A. No, sir.

Q. And whose attention did you call to that?—A. The admiral's.

Q. Who is the admiral?—A. Admiral Kingsmill.

Q. Oh, yes. That was not long ago?—A. Yes, sir.

Q. What was the result of that?—A. He said he would look into that, he said he would see the buyer.

Q. Who was the buyer?—A. I don't know.

Q. That would be Mr. Harding, I suppose?—A. No. The admiral told me there was a buyer outside.

Q. At the present time?—A. Yes, sir.

Q. I suppose that is Mr. Doutre under the new system. And you have observed that quite frequently, that same sort of thing?—A. I have seen occasions.

Q. During the last 20 years off and on?—A. Yes, sir.

Q. Apparently not very exact, going up and down, it varies?—A. Sometimes it varies.

Q. And did you ever call any one's attention to it before speaking to the admiral?—A. Well, I called the captain's, I spoke about these matters.

Q. Did you ever speak to Mr. Harding about it?—A. No, sir.

Q. Then in the course of getting supplies with whom do you come into communication, the merchants more or less?—A. The merchants generally.

Q. And in the same way with repairs?—A. Well, repairs, Mr. Fleming, Mr. Alexander Wilson and Mr. Holden and the St. John Works.

Q. Holden?—A. Holder. He runs a shop in Lunenburg, Nova Scotia.

Q. Then you look after those repairs, superintend them?—A. I have as far as the engine room is concerned. Outside of that I have nothing to do with it.

Q. Then in the same way you have noted a difference in the charges for the same kind for repairs, sometimes up and sometimes a little lower?—A. Yes.

Q. Sometimes the charges are too high, at least higher than they were on other occasions?—A. Yes, sir.

Q. And did you ever call Mr. Harding's attention to it?—A. I never had business with Mr. Harding outside of the orders and signing the orders where to go.

Q. Your idea has been it was not part of your duty to scrutinize the prices, has that been so?—A. I like to run a thing as reasonable as I can, but I had nothing to do with the prices.

Q. That is what I say, that is your idea, you had nothing to do with the prices, although you have observed that the prices are too excessive?—A. Yes.

Q. You have observed that?—A. Yes.

Q. And have you reported that to the Captain at all?—A. Yes, sir, on some occasions we have talked the matter over.

Q. On some occasions you have talked the matter over?—A. Yes, sir.

Q. Do you mean to say that has been going on for years in the same way?—A. For years.

Q. And you could not tell what loss would arise to the department by reason of that, of course you can hardly estimate it?—A. No, sir, I could not.

Q. So that the sum and substance of it is the department has been a very easy buyer, that is from the purchases?—A. Yes, sir, in some cases.

Q. And in connection with these purchases and repair works with the different people that you have met there has been a custom more or less of presents and matters of that kind?—A. No, sir.

Q. Have you not observed that?—A. No, sir.

Q. Something turned on them?—A. No, sir.

Q. Eh?—A. Nothing.

Q. Have you ever heard of anyone offering?—A. No, sir, never.

Q. To any of the officials or employees?—A. No, sir.

Q. Some little present or gift?—A. No, sir, I never did.

Q. A few dollars?—A. No, sir.

Q. What about the cheques?—A. I know nothing about cheques, I never seen a cheque in my life.

Q. I see, you know nothing about that. Now then, Mr. Morris, you were here I suppose—I do not know whether you were or not—when Mr. McDonald gave his evidence?—A. No, sir, I arrived here the night before last, six o'clock.

Q. I see. Now then, according to Mr. McDonald's evidence he gave you money from time to time?—A. Yes, sir, he did.

Q. That is right?—A. Yes, sir, that is right.

Q. And how many years ago was the first time?—A. About five years ago.

Q. Is that the first time?—A. Yes, sir.

Q. How much was it he gave you at that time?—A. He gave me \$30 one time.

Q. \$30 at that time, the first time?—A. Yes, sir.

Q. About five years ago?—A. Yes, sir.

Q. And that has never been repaid?—A. No, sir.

Q. That was a gift to you?—A. He came to me one time, and he says: 'Here is a present.' Says I, 'I don't wish to have it, if it has got anything to do with the department, I don't want a cent from you.' He says: 'You have been recommending a lot of work from different places,' he says 'Here's a present.' I says: 'I don't wish a present.' He says: 'Take this.' I didn't want to take anything from him at all; and different times—

Q. We will just get each time separately?—A. Yes.

Q. That, as you recollect, is the first time?—A. Yes, sir.

Q. And then you were tempted, as you say, in a way?—A. No, sir, I was never tempted.

Q. Well you took the money?—A. Yes, I did.

Q. That is the reason I used that expression tempted. At all events it was offered to you, and from what you say you were rather surprised, but it was pressed upon you and you took the \$30?—A. Yes, sir.

Q. And about that time you were getting repairs made?—A. No, sir.

Q. How long before that?—A. We didn't do any work for a year before, we hadn't any work at all at that time.

Q. Did Mr. McDonald speak about the next order, when you were going to have the next repairs made?—A. No, sir. These were outside work altogether.

Q. Well, you were giving your whole time and service, of course, to your employer, the department?—A. Yes, sir.

Q. You are getting a salary of how much?—A. \$75 a month.

Q. And your whole duty and obligation was to the department?—A. Yes, sir, I looked to the department.

Q. Well, were you serving somebody else at the same time?—A. No, sir. People come to me and ask where repairs could be done. I didn't canvass them. They just asked me where there was a handy place to lay a boat. I told them the St. John iron works was the handiest shop.

Q. Is that a fact?—A. Yes, the handiest machine shop, at that time,

Q. Were you intending by that to favour Mr. McDonald and the iron works?—A. No, sir.

Q. It was according to your statement just a plain answer to a plain inquiry?—A. Yes, sir, just a plain inquiry.

Q. And without any intention to favour?—A. No, sir, favour nobody.

Q. Eh?—A. Never anybody, favour nobody.

Q. But there are others here?—A. Well, Fleming's in the centre of the town.

Q. I thought he had a convenient place?—A. No. If you want to lay a steam-boat you want to lay it handy to the shop.

Q. Did you recommend anybody else?—A. Yes, I recommended men to Fleming's, too.

Q. Then Mr. Fleming took that into consideration?—A. I don't think he did, he never gave me a cent.

Q. He never offered you anything?—A. No, sir.

Q. And when was the next time you got money from Mr. McDonald?—A. The next time he gave me \$20 I think.

Q. \$20?—A. Yes.

Q. How soon was that after the \$30, a few months?—A. It might be 13 or 14 months.

Q. He gave you \$20?—A. Yes, sir.

Q. Where were you when he gave you that?—A. I happened to come in St. John.

Q. In his works?—A. No. I happened to be passing the place at the time.

Q. You were passing the place?—A. Yes. He was outside, standing outside at the end of the wharf. He called me

Q. Standing outside at the end of the wharf?—A. Yes; and as I was passing he called me.

Q. Did he have any business with you at that time?—A. He was speaking about some work he had done for a steamer.

Q. What did he say about the \$20?—A. He didn't say anything. He said, 'here's a present.' I said, 'I don't want a present.' He handed me a paper. I didn't look at it until afterwards, I opened it and found—

Q. What?—A. \$20.

Q. You knew it was money?—A. I didn't know what it was.

Q. You had an idea about it?—A. No.

Q. You did not think it was a love letter?—A. I didn't know what it was.

Q. He said it was a present. You knew what that meant, you got one before?—
A. Yes.

Q. So you anticipated it was money, you did not look at the amount of it?—A.
No.

Q. What did you say to him when he said, 'here's a present'?—A. I told him, 'I don't wish a present.' He says, 'You have been sending a lot of work here, recommending,' he says. I says, 'I got nothing to do recommending work. People ask me where there is a handy place to get work done, where handy to the shop.'

Q. That is the same as you told him before?—A. Yes.

Q. Still he gave it to you?—A. Yes.

Q. \$20?—A. Yes.

Q. And you put that in your pocket and kept it?—A. Yes.

Q. Did you speak to your captain about it?—A. No sir.

Q. Or to Mr. Harding?—A. No, nor to anybody.

Q. Or did you make any communication to any of the officials at Ottawa about it?—A. No sir.

Q. That was kept quiet?—A. I never said a word to anybody.

Q. You kept that secret?—A. Well—

Q. You did not speak of it?—A. No.

Q. When was the next occasion?—A. The next occasion, \$15.

Q. How long afterwards?—A. I suppose nine months afterwards.

Q. And where was that?—A. I happened to be in the works for a time, I was coming out and he called me.

Q. You what?—A. I happened to be in the works.

Q. On business?—A. Grinding some tools.

Q. That is on business for the department?—A. And he gave me this in an envelope.

Q. He gave it to you in an envelope?—A. He says, 'Here is a little present for you.'

Q. That is another little present?—A. Yes.

Q. And did you know at the time how much there was in it?—A. No sir I did not.

Q. You looked at it afterwards and found \$15?—A. Yes sir.

Q. What did you say when you got it?—A. I didn't say anything.

Q. Not even 'thank you'?—A. I didn't say thank you. I just took it and went out about my business.

Q. I see. And then when was the next time?—A. About 13 months.

Q. About 13 what?—A. Inside, over a year.

Q. Over a year afterwards?—A. Over a year from now he gave me \$15.

Q. He gave you \$15 again?—A. Yes.

Q. Where was that?—A. On the street I met him.

Q. On the street?—A. Yes. I was coming up from the ballast wharf.

Q. Where?—A. The ballast wharf, that is past where their works is.

Q. Coming up from the wharf?—A. Yes.

Q. What, had you been in to get a little refreshment or drink?—A. No sir, I came up from the steamer.

Q. You came up from the steamer?—A. Yes sir.

Q. And you met him on the street?—A. Yes, sir.

Q. Did he stop you?—A. Yes.

Q. And what took place?—A. He stopped me and got talking about some work on a steamer down there they were to get a lot of repairs, and he asked me. I said 'The best you can do is either go down or send a man down to find out all about it.'

Q. Yes. Well then what followed upon that?—A. He give me \$15.

Q. He counted it out to you.—A. No, sir. He give me two bills, a \$10 bill and a \$5 bill.

Q. He handed them to you in an envelope?—A. No.

Q. Before that apparently they were all ready prepared for you, on the other occasions in envelopes ?—A. Yes, sir.

Q. So apparently he was ready for you expecting to give it to you ?—A. I cannot say.

Q. At all events on this occasion he took out a \$10 bill and a \$5 bill and gave them to you ?—A. Yes, sir.

Q. And did you thank him ?—A. No, sir, I didn't say anything.

Q. You didn't say anything. You did not protest after the first time ?—A. I told him on two different occasions I didn't want no presents at all.

Q. I see, you told him on two different occasions you did not want any presents at all. You were not doing any work for him ?—A. No, sir. Only when a person asked me anything about getting work I recommended him there.

Q. In the same way if anybody asked you where was the best dry goods store you would tell them where there was one anyway ?—A. Yes.

Q. How is it you did not speak of T. McAvity & Sons ?—A. I have recommended work to McAvity & Sons.

Q. You have recommended work there ?—A. Yes.

Q. Often ?—A. Different occasions.

Q. Do you think they knew you had recommended work to them ?—A. No.

Q. You did not get anything from them ?—A. None.

Q. Nothing at all ?—A. Not a cent.

Q. When was the next occasion ?—A. No more occasions.

Q. Well, Mr. McDonald's recollection was considerably more, I think it got up to \$150 ?—A. No, sir, not \$150.

Q. Not as much as that ?—A. No, sir.

Q. Of course, you may have forgotten some ?—A. No, sir, I don't think I forgot any.

Q. Is it possible you may have forgotten sometimes ?—A. No, I don't think it.

Q. So that is all you recollect now ?—A. Yes.

Q. Going back five years it might not be easy to recollect accurately ?—A. I never took a cent outside of the department.

Q. Outside of the department ?—A. I mean from anybody.

Q. Except Mr. McDonald ?—A. Yes, sir.

Q. And you knew that was from the work—— ?—A. It was outside of the department altogether ?—A. Yes, yes.

Q. And it was the company that was paying you, you knew it was coming from the company ?—A. Mr. McDonald told me it was for work I had recommended there.

Q. Yes, I know. But as a matter of fact did you ever recommend work to him, because that is not exactly what you said, you said before you had told people in answer to inquiries ?—A. I recommended work or people to the St. John Iron Works.

Q. Did you advise them to go to the St. John Iron Works ?—A. No, they could suit themselves.

Q. You just told them where there was a place that that work could be done ?—A. Yes.

Q. That is right ?—A. Yes.

Q. Do you call that recommending work to them ?—A. I just say——

Q. Did Mr. McDonald ask you to recommend people to come to him ?—A. He asked me on different occasions about things in the Bay. I told him about different repairs.

Q. You understood he was soliciting your assistance or recommendation ?—A. No, sir, I don't think he was.

Q. You don't think he was ?—A. No, sir.

Q. What would he mean, or how did you understand him when he said you had been helping him in recommending work to him or to his firm, how did you understand that, that you had been doing him a service ?—A. I suppose he took it I was doing him a favour.

Q. Doing him a favour?—A. Yes.

Q. And did you tell him you had not been doing any favours?—A. No, sir.

Q. You did not say either way about it?—A. No, sir.

Q. So on each occasion you took the money and kept it?—A. Yes, sir.

Q. Now, you will easily understand that that being so it leads us necessarily to inquire very closely about other matters?—A. Yes, sir.

Q. Because where a man does it with one he is very likely to do it with another when he gets a chance. Is that not so?—A. Yes, sir.

Q. Then just try and refresh your recollection and see whether or not others have not given you presents in the same way?—A. No, sir, not a man.

Q. Not a man?—A. No, sir. I defy any man that has ever done any work aboard that steamer that I ever took a cheque from.

Q. You defy any man?—A. A concern that has ever done any work that I took a cent from.

Q. To say they ever gave you any money?—A. That I have taken any from.

Q. Excepting Mr. McDonald?—A. Yes, except Mr. McDonald.

Q. I see. Then were you under Captain Schmidt?—A. Yes, sir. Not Captain Schmidt, he was—

Q. Superintendent?—A. Superintendent.

Q. And you have heard him talk about the same matters?—A. No, sir.

Q. What did you hear about him?—A. The only thing he has ever come there for is to make a report once a month.

Q. But have you heard him talk about people giving presents, and that it is the custom and that is what is expected?—A. I never did.

Q. He has stated in evidence before his lordship at another sitting—that is, I am speaking of Captain Thomson-Schmidt—that that was a recognized course in the service that presents should be given and should be accepted. You have heard him speak in the same way?—A. No, sir, I never did.

Q. Eh?—A. No, I never did.

Q. Do you know of any presents to him?—A. No, sir.

Q. Or any one else?—A. No.

Q. To any other official or employee at all?—A. No, sir.

Q. It is just in regard to yourself in the way you have told us?—A. Yes, sir.

Q. Do you have to do with the lightships?—A. No, sir.

Q. Nothing at all?—A. No.

Q. Or with the buoys?—A. No, sir.

Q. Or the service of the buoys, lighthouses or supplies?—A. No, sir.

Q. You go about there?—A. We are in the fishery protection service.

Q. Oh, I see, the fishery protection service. Then do you come in contact with the keepers of the houses?—A. I have seen them on occasions.

Q. Have you some knowledge of the disposal by some of them of oil and other supplies that are in their possession?—A. No, sir.

Q. Anything of that kind ever come to your knowledge?—A. No, sir.

Q. Quite sure?—A. Sure.

Q. By any lighthouse keepers?—A. No, sir.

Q. Who is in charge of the buoys?—A. I understand Mr. Harding is.

Q. Mr. Harding?—A. Yes, sir.

Q. Is there any employee that is in personal charge of them?—A. Well, I understand Mr. Galligher.

Q. That he is in charge of it?—A. Gas buoys.

Q. Do you know a Mr. Richard or Richards, J. L. Richards?—A. No sir.

Q. You do not know him at all?—A. J. L. Richards, no sir.

Q. Do you know Mr. Kennedy?—A. No sir.

Q. That will do, Mr. Morris.

WITNESS.—Your honour, may I speak?

Mr. WATSON.—Certainly.

WITNESS.—I wish you to understand I have never taken a cent, I defy anyone that has ever done business with the department to say that I ever took a dollar from them.

By Hon. Mr. Cassels:

Q. Except what you told us here?—A. Yes.

Q. And work was done or in progress while those moneys were paid?—A. No sir.

Q. Running along several years?—A. But no work for the government.

Q. Was it not work for the government during the last five years?—A. Yes, but it was not government work I took.

Q. I understand. But during the time these moneys were paid to you there was government work under your supervision—A. Yes sir.

Q. And that was done by Mr. McDonald?—A. No sir, it was not all done.

Q. Not all; some was done?—A. Yes sir.

Q. What you mean to say is it had no connection, so far as you are concerned, between the work done for the government and Mr. McDonald, it did not influence you?—A. No, I never took a cent.

By Mr. Watson:

Q. Anything else you want to say?—A. No, nothing else.

HARRINGTON H. BROWN, sworn.

By Mr. Watson:

Q. How long have you been in the service?—A. I was appointed the 15th November, 1907.

Q. You have been there only a little over a year?—A. Yes.

Q. What was your business before that time?—A. Well, I had been on the road for about five years as commercial traveller.

Q. Commercial traveller on the road?—A. Yes.

Q. For a New Brunswick house?—A. No. I started for a New Brunswick commission agent but he did not last long.

Q. We do not want to go into individual business. And then a Montreal house?—A. Yes.

Q. I see. So that you had quite considerable experience then as a commercial traveller on the road for Montreal houses. That is more or less of an eye-opener for practical affairs I suppose?—A. It should be.

Q. And what position have you been in the department?—A. Well, I have been keeping the ledgers. I was appointed as a clerk, I think my official appointment stated a clerk under Mr. Harding.

Q. Under Mr. Harding. Your duty then has been that of bookkeeper?—A. Yes.

Q. Bookkeeper?—A. Bookkeeper with regard to the ledgers.

Q. Then you have kept all the books?—A. Practically the ledgers, nothing outside of that.

Q. Nothing outside of the ledgers?—A. No, the departmental ledgers.

Q. You could not keep the ledgers very well without keeping other books preceding?—A. There is an invoice register in which all the invoices are registered, of course there is that.

Q. Then you are next under Mr. Harding, are you?—A. Well, I suppose I would be. There is only the three of us in the department, that is in that branch of it.

Q. So you have been a sort of assistant to Mr. Harding?—A. Well, it all depends on what you call an assistant, Mr. Watson.

Q. I see. You do not understand yourself what is an assistant?—A. I have been assisting Mr. Harding so far as that goes in departmental work.

Q. You have to check the work?—A. So far as it goes I have.

Q. What about the prices, do you observe as to prices?—A. I take it for granted the prices are right when an invoice is sent in as certified by Mr. Harding.

Q. Why take it for granted?—A. Mr. Harding certified before I get it.

Q. But have you any duty to perform to the department? You are a man of considerable business experience?—A. I have the duties of keeping those books.

Q. Keeping the books. But have you any duty to observe as to prices, whether they are excessive or not?—A. Well, I do not consider it is my duty.

Q. You do not consider it is your duty. So that if you saw upon an invoice that the prices were apparently excessive, you would not pay any attention or make any report?—A. With regard to groceries I would.

Q. With regard to groceries?—A. Yes.

Q. Why limit it to groceries?—A. Because that is specially called for by tender and I have copies of the tender and know what the prices should be.

Q. But prices that are the result of tender are not important, as you know, because they are supposed to be fixed, they are fixed, are they?—A. Yes.

Q. But it is prices that are not fixed that are important matters for observation. You appreciate that, do you not?—A. Yes.

Q. Then, why do you limit yourself to the goods that are delivered under fixed prices by tender?—A. Because of the fact that I am not sufficiently acquainted with the retail price of goods to be able to criticize.

Q. Not sufficiently acquainted?—A. No.

Q. Well, I understand somewhere here that you were expected to check prices?—A. Well, I never understood that, Mr. Watson.

Q. You never understood that?—A. No.

Q. Have you ever done so?—A. I—

Q. Yes or no?—A. I have done so.

Q. You have, I see. And have you made a report as to the result of your checking?—A. I have.

Q. And you have observed in some cases the prices were excessive, I understand?—A. Yes.

Q. In what cases have you observed that they were excessive?—A. Well, I thought \$7 a ton for ice was a little bit excessive.

Q. A little bit steep. And who sold the ice?—A. H. C. Cook, of Yarmouth.

Q. And to what extent did you think it was excessive, \$2 or \$3 a ton?—A. I thought when buying ice here for \$3—

Q. For \$3, you do not say. Buying ice here for \$3 and paying \$7?—A. We did not pay it. I deducted it from the accounts and wrote Mr. Cook. I never heard from him.

Q. You never heard from him since?—A. No.

Q. Was any ice taken at \$7?—A. It had all been taken before.

Q. And was it paid for at \$7?—A. No, sir.

Q. What was paid for it?—A. It has not been paid for.

Q. It has not been paid for?—A. No.

Q. When was it delivered?—A. I cannot tell you, sir. It would be delivered about two weeks before I got the invoice, because it was for the Lurcher lightship.

Q. How long ago?—A. Probably a month and probably before that.

Q. Did you look to see what prices had been paid before that time?—A. No.

Q. You did not look back?—A. No. I know what we were paying for ice here.

Q. But did you look back then as a matter of interest in the department to see what prices had been paid theretofore?—A. No.

Q. Did you speak to Mr. Harding about it?—A. I did.

Q. Did you ask him what prices had been paid before that time?—A. No.

Q. Did you make any inquiries?—A. I asked if he thought \$7 was not a little high. He said it was.

Q. A little high. That was putting it gently?—A. Yes, rather gently.

Q. Did you not ask or attempt to ascertain what prices had been paid before that time?—A. No.

Q. You limit yourself very closely?—A. Yes, apparently.

Hon. Mr. CASSELS.—Who had made the bargain for the \$7?—A. Captain Larkin of the lightship *Lurcher* that is anchored off Yarmouth.

Q. What I mean is if it had been arranged by contract that \$7 should be paid?—A. I don't know it had.

Q. By some official. You say Captain Larkin?—A. Those orders are issued by Captain Larkin, and to the best of my recollection no prices were fixed on his orders. He simply calls for material; they arrange prices.

By Mr. Watson:

Q. I see, charge what they can get?—A. I suppose so.

Q. That appears to be the system for the most part?—A. Yes, for quite a few things.

Q. And is there anybody in the department here to check prices that you know of?—A. Mr. Harding I suppose.

Q. You suppose, but do you know?—A. I don't know, outside of his certification on the invoice.

Q. You get it on the invoice, I see. Apart from that have you ever known him to check and reduce prices, have you personally known him to?—A. Yes.

Q. You have. In how many instances?—A. I cannot recall them. I can state one instance.

Q. Eh?—A. I can state one instance.

Q. What is the one instance?—A. In the case of fowl from Michael Donovan.

Q. Fowl from Michael Donovan. What was that?—A. I cannot just remember the price, but I know he sent the invoice back to Donovan to reduce, he thought it was steep.

Q. Steep?—A. Yes.

Q. Michael Donovan we had here yesterday. Do you recollect what the prices were?—A. No, I don't, from memory I cannot say.

Q. Can you say how excessive it was?—A. No.

Q. Double price?—A. No, I don't think it would be double.

Q. You would not think it would be as much as that. Then you observed overcharges by McAvity & Sons for cement?—A. Well, I had an idea of the retail price of cement.

Q. Yes. Now just tell what the fact is about that?—A. Well, I have in my mind the idea that cement in some cases can be had for \$1.80 a barrel.

Q. And how much was McAvity charging for it?—A. We have been buying at \$2 and \$2.20. Of course, I don't know the quality.

Q. Of course. \$2.20, and the general price with McAvity & Sons for cement has been about \$2.20?—A. Yes.

Q. And your idea is that the proper price for that is \$1.80?—A. No. I know there is cement can be bought for \$1.80.

Q. I know. But you do not want to stop at that. You are a practical business man of special experience for five years. It is not merely an idea.

By Hon. Mr. Cassels:

Q. Do you know what that cement was wanted for? A. I do in some cases, yes.

Q. It would not be called to your attention unless the cement was wanted for that purpose or that the same character of cement could be got at \$1.80, otherwise it would not have struck you at all. Just let Mr. Watson know the facts.

Mr. WATSON.—Yes. You are speaking as a clever bright young man of business?—A. I guess so.

Q. You are not merely a book-keeper making entries in the books without consideration in a mechanical way?—A. No. I would not be accounted a machine.

Q. Of course, book-keepers are not machines either but at the same time it is not a mere matter of writing, it is a matter of using your head and judgment?—A. Yes.

Q. How much do you get in the department?—A. \$900.

Q. Quite so. Then when you observed these excessive prices for cement charged by that house or firm did you report it to Mr. Harding?—A. I asked Mr. Harding I think on one or two occasions.

Q. You think. That is very uncertain. Do yourself justice if you can?—A. I cannot remember all these things.

Q. But I am only speaking about one. Are there a great many of them like that?—A. I mean in regard to the questions you have been asking me, I cannot remember all these things without getting the books.

Q. Did you make a record of all these things?—A. Those are in the books.

Q. But the fact of the excessive prices, did you make a note to examine, to find out the prices were excessive?—A. No.

Q. You have been only there a year?—A. Yes.

Q. When did you observe this excessive price, last month?—A. No.

Q. The month before?—A. About three months ago.

Q. Now, you are not likely to forget what occurred three months ago?—A. Eh?

Q. You are not sure you spoke to Mr. Harding about it?—A. I know I spoke to Mr. Harding about the \$2.20 for cement.

Q. You spoke to him?—A. Yes.

Q. What did he say?—A. He said that price was all right.

Q. He said \$2.20 was all right?—A. Yes.

Q. Did you speak to McAvity & Sons?—A. No, sir.

Q. Are you in any way related to them?—A. No.

Q. Eh?—A. No.

Q. Or to other merchants here from whom purchases were made?—A. Yes, my father is a member of the firm of Macaulay Brothers.

Q. Oh, you are a son of Mr. Brown, a partner of the firm of Macaulay Brothers?—A. Yes.

Q. And did you ever make a report to anyone else about excessive prices? Is there not an inspector of offices?—A. No, I have never seen any outside of Mr. Boyle.

Q. Did you speak to Mr. Boyle about it?—A. No.

Q. You did not speak to him about it I see. Then you have observed other excessive prices; did you speak about them to Mr. Harding?—A. I don't just recall any other excessive prices.

Q. What?—A. I don't just recall any other instance of excessive prices.

Q. You do not just recall, I see. So that your memory is not quite accurate about it?—A. No.

Q. Well, I should think you would deem it material to be accurate about these matters, Mr. Brown. But you cannot recall other matters. Then with Macaulay Brothers, have you observed their prices?—A. Yes, I have observed the prices.

Q. And have you observed that their prices are sometimes a little steep?—A. No sir.

Q. Oh, I see, you have not observed that. Did you make it a point to observe closely whether their prices were right?—A. Macaulay Brothers?

Q. Yes?—A. No, no more than any of the others.

Q. Did you make it your duty to look at the prices, apart from tenders, of the goods that were being furnished?—A. Just simply to get an idea of what the prices were.

Q. Why did you want to get that?—A. I thought Mr. Harding would not always be there and somebody would be expected to know.

Q. That was part of your duty?—A. I expected it would be. I did not consider it was at the time.

Q. It would be when?—A. Well, it is hard to tell when it might be.

Q. I see, it is hard to tell when it might be. After Mr. Harding left, eh?—A. Probably.

Q. I see, you were looking forward to that possibility?—A. Well, I knew Mr. Harding was not a strong man by any means.

Q. Yes. And is that your signature?—A. Yes sir.

Q. H. H. Brown?—A. Yes sir.

Q. That is a cheque. Was that made payable—given to you by McAvity & Sons and payable to cash, \$360? When did you get that from them, dated March 18th, 1908?—A. Let me see that endorsement again?

Q. Yes. That is quite a nice little lump sum?—A. I think that was given to me.

Q. This is just a matter of thinking, no more?—A. No. Do you want to know what that was for, do you mean?

Q. I am asking you.—A. What it was for?

Q. Where did you get that cheque?—A. Mr. Harding gave me that cheque.

Q. How do you know?—A. Because I remember the transaction now.

Q. You remember the transaction now?—A. Yes.

Q. Mr. Harding gave it to you?—A. Yes sir.

Q. March 18th, 1908. How did Mr. Harding get it?—A. I don't know.

Q. You observe it is a cheque payable by the firm of McAvity & Sons to cash?—A. Yes sir.

Q. Did that strike you?—A. Yes.

Q. Struck you as peculiar?—A. Yes.

Q. Struck you as peculiar at the time. Did you speak to McAvity & Sons about it?—A. No sir.

Q. Did you speak to anyone else about it?—A. No sir.

Q. Kept it to yourself?—A. It was business of Mr. Harding's, it was not my business.

Q. But it struck you as peculiar. Do you want to take that back?—A. It did not strike me as peculiar because I knew what it was for.

Q. What it was for?—A. It was in part payment of a note of Mr. Harding's that was due at the Bank of New Brunswick. I took that cheque to the bank in part payment and part renewal.

Q. How much was the amount of the note?—A. I can't remember. It was given to me by his brother James F. Harding.

Q. James F. Harding?—A. Yes.

Q. You cannot remember the amount of the note?—A. No. I think the renewal was about \$400, somewhere around there.

Q. The renewal of the note?—A. Yes.

Q. What was this?—A. Cash on account of the note. I gave that cheque and the renewal note.

Q. Where did you get the renewal note?—A. Mr. Harding gave me the whole thing, I took it to the Bank of New Brunswick.

Q. You were attending to those matters for him?—A. No, only occasionally.

Q. How often, once a week?—A. I think since I have been there.

Q. Once a week did you attend to it?—A. No. I think three times since I have been in the service, and that is when he could not get Mr. Allan the messenger.

Q. And how often did you go to Macaulay's to get cheques?—A. For Mr. Harding?

Q. Yes.—A. Never.

Q. You knew of his receipt of cheques from them?—A. No, I did not, Mr. Watson. I took a sealed letter to Macaulay Brothers once for Mr. Harding.

Q. You took a sealed letter?—A. Yes. I was going home to dinner, he said, 'You are going to walk home?' I said, 'Yes.' He said, 'Drop that into the store.'

Q. Why do you say a sealed letter?—A. Because I would not know what was in it. I thought possibly you would ask me what was in it. I did not know.

Q. I see, you thought possibly I would ask you and you would forestall that, So that is the fact, it was sealed up in that way. And whom did you give it to at Macaulay Brothers?—A. I gave it to my father.

Q. And when was that, recently?—A. No, I think that would be about—

Q. A few months ago?—A. Several months ago.

Q. Then, of course, you and your father are in the same relation that father and son usually are found?—A. Yes, sir.

Q. Then, no doubt, you asked your father something about it?—A. No, sir, I did not ask him anything about it.

Q. Silence is golden?—A. Yes.

Q. Silence is golden, I see. Ask no questions is the safest way?—A. Apparently so.

Q. That was what was in your mind, of course?—A. I did not think it was any of my business.

Q. I see, you did not think it was any of your business, keep quiet. And what did your father say to you?—A. He did not say anything.

Q. You are the son of your father, going on the same principle, I suppose?—A. No.

Q. Then he said nothing about it?—A. There was no occasion to say anything about it.

Q. There was no occasion to say anything about it, I see. That is the way you put it. Then when did you next hear from your father about it—do you live at home?—A. Yes.

Q. Oh, I see, you live there?—A. Oh, yes.

Q. Then all matters are discussed at home as they would be between father and son, in the ordinary course you know what is going on?—A. No.

Mr. TEED.—You had better put some reservation in that if you ever were a son or ever a father.

Mr. WATSON.—Well, I am glad to say I am a father and of course I am a son, I am speaking from my experience. That is the ordinary course, that matters are talked over very frankly and confidentially, of course, between father and son?—A. Not in this case.

Q. With regard to professional and business matters as well as in respect to domestic matters. I see, my experience is no doubt different from others. Then did you ever talk over these matters at all?—A. I never bring them up at all.

Q. You never bring them up?—A. What do you mean by these matters, Mr. Watson?

Q. What do you think I mean?—A. A good many things by these matters. You have been talking about cheques and prices for supplies and you have been talking about several things.

Q. Then you do not need to ask me what I mean by these matters, do you?—A. Well, I never discussed matters with regard to the department outside at all with anybody.

Q. Not even with your father?—A. No.

Q. Ever talk about supplies being required and whether orders were coming in?—A. No.

Q. Sometimes about that?—A. No.

Q. Not at all?—A. No.

Q. Business is quite foreign?—A. Business is quite foreign.

Q. So you would have no idea about the advances by your father's firm to Mr. Harding?—A. I certainly had not.

Q. And about entries in the books, fictitious entries in the books, you were not spoken to about any of those matters?—A. No.

Q. I see, you did not know anything about that, and presents going off and on around there?—A. I have never seen any, sir.

Q. Little remembrances, gifts at Christmas time?—A. No.

Q. It comes but once a year, it comes to you as well as to others, does it?—A. Well, I think so.

Q. You think so. And to what extent were you remembered at Christmas time?—A. Well, by whom?

Q. Oh, you know.—A. Do you want me to give you a list of presents I received from my family, my best girl and all that?

Q. No, we are not dealing with the domestic realm.—A. Outside of that I was not remembered by anybody else.

Q. We have in mind here the matter of transactions between officials and the outside people, that is all. What about presents from any of those people who were dealing with the department?—A. No, sir.

Q. Eh?—A. No, sir. Do you mean I received?

Q. I am asking you.—A. No, I never received anything except a cigar from Mr. McDonald out of the kindness of his heart occasionally when he comes in.

Q. And nothing else but that?—A. That is all, sir.

Q. I see, not at any time. But you had to do more or less with the giving of orders, or did you?—A. No, sir.

Q. You had nothing to do with that?—A. No.

Q. And was it known you had nothing to do with the giving of orders?—A. I suppose so.

Q. I see, it was known you had nothing to do with the giving of orders. Then notwithstanding all these cheques comes in pretty often, any rake-off for anybody else?—A. I do not know, sir. I do not know when cheques come in or when they went out.

Q. Who is Mr. J. L. Richards?—A. Mr. J. L. Richards?

Q. Yes.—A. I don't know

Q. I see a great many cheques made payable to him by Mr. Harding in the list. You do not know him at all. My learned friend, Mr. Perron tells me he understands he is a lighthouse keeper?—A. J. L. Richards? Yes, I think there is a J. L. Richards a lighthouse-keeper.

Q. Whereabouts, do you know?—A. You are not familiar with this?—A. Just a minute. No, I cannot tell you just the station he is at.

Q. You cannot tell just the station?—A. No.

Q. You do not follow up in those matters?—A. We have 123 lighthouses to remember.

Q. I know about that. But when you were a commercial traveller I suppose you had 200 or 300 customers?—A. I was calling on them every day. If I was calling on the lighthouse-keepers I would know them.

Q. And do you know Mr. Kennedy, I see a great many cheques issued to Mr. Kennedy?—A. Yes, sir, I know Mr. Kennedy.

Q. What does he do?—A. He is a retired grocery merchant.

Q. What?—A. The one I refer to is an old man, a retired grocer.

Q. Retired merchant?—A. Yes, sir.

Q. Living here in town?—A. Yes.

Q. What had he to do with the department?—A. Well, I understand they furnished coffee sometimes.

Q. They furnished coffee sometimes after he had retired?—A. Well, they always had a great reputation for coffee and kept it up by supplying coffee. We buy it at our own house from him.

Q. But there are a good many coffee houses about town?—A. Mr. Kennedy had a reputation.

Q. Well, I should think the coffee had a reputation?—A. Well, Mr. Kennedy's coffee had a reputation, he had a reputation for furnishing good coffee.

Q. I suppose other merchants could get the same kind of coffee?—A. I suppose they could.

Q. Do you think he would have a monopoly in a particular kind of coffee?—A. I don't know why he should.

Q. Manifestly then there would be some other reason for holding on to him—perhaps not manifestly, but it would occur to one there might be some other reason for holding on to him after he had retired from business. That so struck you that way?—A. No.

Q. Why, you are quite innocent, Mr. Brown. Never got such an idea as that, that is right is it?—A. Well—

Q. Is he still in the coffee business?—A. I think so.

Q. A retired gentleman, that is a retired merchant out of business but still supplying the department with coffee?—A. I am not sure he is still supplying the department.

Q. Well, the department is still giving him orders for coffee?—A. I don't know that even.

Q. Where does the coffee go?—A. To the *Lansdowne*.

Q. And the *Curlew* and the *Lurcher*?—A. We have nothing to do with the *Curlew*.

Q. I see. Just with the *Lansdowne*.. And do you know how much he got off that?—A. No, I don't know.

Q. What commission?—A. I don't know.

Q. Where does the rake-off come in?—A. I don't know there was any rake-off.

Q. You do not know whether there was or not, is that right?—A. I don't know there was any rake-off.

Q. Then what else can you tell about? Open up please.—A. Well, in what connection, Mr. Watson?

Q. Well, the same connection, keep to it.—A. I cannot tell you anything in the same connection.

Q. You cannot tell anything else. Have you got any other information or knowledge that in the interest of the Department or country you think it is important to disclose now to his lordship?—A. No, I have not.

Q. Eh?—A. No, I have not any information that I think is in the interest of the department that I should disclose.

Q. Do you think that you have disclosed anything that it was in the interests of the department to know?—A. Except a few cases of high prices.

Q. I see. That will do.

By Mr. Teed :

Q. Just a question Mr. Brown about this cement. You know of course there are different grades of cement?—A. Yes.

Q. And different prices?—A. I understand there are.

Q. Whether this cement supplied by McAvity & Sons on this occasion could be purchased for \$1,80 have you any knowledge?—A. No, I said I knew cement could be.

Q. Do you know?—A. No, I know there is a kind could be.

Q. Is that the lowest priced cement you heard of?—A. Yes.

Q. And you knew there were different grades?—A. I understand there are.

Q. You were not in the cement business?—A. No, I don't know anything about it.

Q. What line of goods did you carry when a commercial traveller?—A. Dry goods.

Q. And you have never been connected with anything relating to cement?—A. No, nor hardware, I am perfectly ignorant with regard to that.

Q. And when you called attention to the two matters, the three matters of excessive prices you mentioned, that is I see the ice, the fowl, the cement, two of them Mr. Harding thought were excessive?—A. Yes.

Q. And sent back to be rectified?—A. Yes.

Q. The third he said was correct?—A. Yes.

Q. And you have no knowledge but what he was right?—A. I have no knowledge.

THOMAS R. ALLAN sworn.

By Mr. Perron:

Q. Mr. Allan, what is your occupation, what are you doing, what is your trade?—

A. Machinist.

Q. Have you been working for the department?—A. Not for over a year.

Q. Not for over a year. What were you doing a year ago?—A. With the department?

Q. Yes.—A. Working on the *Lansdowne* in repairs when laid up for repairs.

Q. Do you know the launch, the gasoline launch which Mr. Harding had here—

A. I have seen it, yes sir.

Q. Where?—A. Well, I saw it in the harbour.

Q. In the harbour. Did you go on board her?—A. I did once.

Q. What did you go there for?—A. To make a little repair.

Q. When was that?—A. Well, I don't remember the date now.

Q. But about how long ago?—A. A year ago this last summer.

Q. Was it at the same time you were working at the *Lansdowne* that you went on board the launch?—A. Yes.

Q. You were working on the *Lansdowne* and not on board the launch?—A. Yes sir.

Q. Who called you on board the launch?—A. Mr. Harding.

Q. What did you go there for, what kind of repairs did you do?—A. The babbit of the connecting rod was burnt, the babbit of the connecting rod.

Q. How long were you working there?—A. I think five days.

Q. Now, when did you go next on board this launch?—A. I have not worked on board the *Lansdowne* since.

Q. You have not worked on board the *Lansdowne* since and you have not been on board the launch?—A. No.

Q. Now, before that did you make any repairs to that launch?—A. No sir.

Q. How many days altogether were you working on the launch?—A. On the launch?

Q. On the gasoline launch?—A. Only five days that one time.

Q. I know.—A. That is the only time I ever did work on her.

Q. Now, where did you get the material?—A. Well, all the material I wanted was some brasses and I think it came from McAvity's.

Q. It came from McAvity's. How much material did it take?—A. Oh, five pounds.

Q. And yourself, how much were you charging by the day. Were you working by the hour or by the day?—A. Working by the day, \$2.50 a day.

Q. \$2.50, and you worked five days?—A. Yes.

Q. Who paid you for that five days work?—A. C. B. Allan.

Q. Who?—A. C. B. Allan.

Q. C. B. Allan—A. Yes.

Q. Oh oh. Mr. Allan was here yesterday as a witness. You know Mr. Allan was brought in yesterday as a witness?—A. I don't know, I wasn't here.

Q. But you were in his employment at the time?—A. I was hired by him to do the work on the *Lansdowne*.

Q. You were hired by him to do the work on the *Lansdowne*?—A. Yes.

Q. And he told you to go and work on board the gasoline launch?—A. He told me Mr. Harding wanted to see me. I went to Mr. Harding and he sent me to the gasoline launch.

Q. And you went there and charged your time to C. B. Allan?—A. Yes.

Q. And you told C. B. Allan you were charging him for the work done on the launch?—A. I supposed it was all the same department, I was only working for the day's pay and supposed to go where I was sent.

Q. Charged to the Department of Marine and Fisheries?—A. I supposed the launch belonged to the department.

Q. I am not asking you that. The time and work was charged to the department to C. B. Allan, who paid you?—A. Yes.

Q. And Mr. Allan told us yesterday you had been doing these repairs on your own account, not for him. It was not right. He made a mistake?—A. I don't know I am sure.

Q. I am asking you, sir. Your brother came in the box yesterday and when examined by my learned friend, Mr. Watson, told him distinctly that this work on the launch had been done by you, not for him. Now, who is right this morning, you or he?—A. Well—

Q. Let us find out please?—A. Well, I got paid from him.

Q. You got paid from him. Therefore when he told us that you had been doing the work and he had nothing to do with it, he made a mistake?—A. How is that?

Q. When he told us he had nothing to do with these repairs he made a mistake?—A. He had no knowledge in one sense of the word. Mr. Harding told us to go to the launch, C. B. Allan did not tell us to go.

Q. That is all.

DANIEL J. GALLIGHER SWORN.

By Mr. Watson:

Q. Mr. Galligher, you are in the employment of the department?—A. Yes, sir.

Q. And you have to do with the buoys?—A. Yes, sir.

Q. That is the gas buoys?—A. Yes, sir.

Q. Do not make any mistake? What do you have to do?—A. Well, general superintendent of them.

Q. General superintendent of them?—A. Yes, sir.

Q. Are there many?—A. Well, we have about 23 gas buoys in the New Brunswick agency.

Q. And does that take all your time?—A. Well, not all my time. Part of my time is installing illuminating apparatus and repairing illuminating apparatus in the different lighthouses.

Q. So you have to do with the lighthouses as well as with the gas buoys?—A. As regards the illuminating apparatus.

Q. Yes, just that. And you make requisitions for supplies?—A. Whatever I require in connection with the gas buoys I make a request to Mr. Harding and I receive—

Q. Do you fix the prices?—A. No, sir.

Q. Do you have anything to do with prices at all?—A. No, sir.

Q. Nothing at all?—A. Nothing.

Q. Then the supplies are delivered there, to whom, to you?—A. Well, it just depends on what they are for.

Q. Well, either for the buoys or the lighthouses?—A. If they are moorings, delivered on the *Lansdowne*, or carbide, delivered down on the *Lansdowne*.

Q. They come into your possession either one way or the other?—A. Yes, sir.

Q. So you distribute and supply them?—A. Yes, sir.

Q. And do the accounts come into your hands?—A. Not any.

Q. Do you certify the accounts, the quality, quantity, and prices?—A. No, sir.

Q. Do you have anything to do with the qualities and quantities?—A. Nothing at all.

Q. And the prices?—A. No, sir.

Q. That is left to Mr. Harding?—A. Mr. Harding.

Q. And then you distribute them?—A. Yes, sir.

Q. And sometimes they get there, and sometimes they do not?—A. Well, as far as I know they always get there, any stores that I order.

Q. Unless the ship goes over. I see the other day one went down. That would not be anything of your fault?—A. No, sir.

Q. That is the elements, of course. Now, then, these are delivered, and it is said sometimes in excessive quantities?—A. I have never seen any, sir.

Q. You have not?—A. No, sir, not as regards my business.

Q. As regards your business?—A. Yes, sir.

Q. Are you prepared to say that not in any case has an excessive quantity of supplies been delivered?—A. Well, I don't quite understand you as regards that. At times we have a quantity of carbide placed on one of the steamers; we may not use it probably for two or three months.

Q. Where would it lie on the steamer?—A. On board the steamer *Lansdowne*.

Q. And who would get it there?—A. It would be received by some of the mates and remain on the *Lansdowne* until such times as we would use it. Probably there would be one of the buoys exhausted down in the bay.

Q. I suppose it is not very easy sometimes to measure the exact quantity; there might be a little excess now and then?—A. No.

Q. You attempt to be quite accurate?—A. As near as possible.

Q. I see. Then, has it come to your information or knowledge that sometimes these supplies have been used by the keepers for other purposes than departmental purposes?—A. I don't know anything about that, sir.

Q. No; of course, you have not had to do with any such misappropriation?—A. No, sir; mechanical appliances.

Q. But have you heard of that occurring?—A. No, sir.

Q. Eh?—A. No, sir.

Q. Not at any time?—A. No, sir.

Q. Have any complaints been made to you?—A. Not to me.

Q. To whom were complaints made?—A. I have no idea. I do not know anything about them.

Q. Has anything irregular in any of these respects occurred to your knowledge?—A. Not to my knowledge, sir.

Q. And how about these little presents, gifts and remembrances?—A. They are foreign to me, sir.

Q. Eh?—A. They are foreign to me.

Q. Have you ever heard of any such?—A. No.

Q. With others?—A. No, sir.

Q. Or to yourself?—A. Oh, no.

Q. No offer ever made to you?—A. No.

Q. No temptation?—A. No, sir.

Q. You have not been called upon then to accept or refuse?—A. No, sir.

Q. I see. That will do.

Mr. WATSON.—Then, your lordship, my learned friend and I have been in consultation continuously, and after as careful consideration as we can give the matter we have concluded that the evidence that is now before your lordship is all that we can usefully tender at the present time. We have not ceased our efforts in New Brunswick or St. John, and it may be that we will have other evidence to tender to your lordship a little later on, but just for the present we think it is all we can now usefully tender.

There are many matters of detail which it would be apparent to your lordship, as to us, might be investigated. It is a question for further consideration how far

those matters of detail should be entered upon. The general system and general policy, of course, have already been disclosed, so that for the present, my lord, we have nothing further to offer.

Hon. Mr. CASSELS.—Then we will adjourn to Halifax.

Mr. WATSON.—Yes, my lord. 11 o'clock to-morrow morning.

(Adjourned accordingly at 11.25 a.m.)



